

STATE OF NEW HAMPSHIRE

---

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

---

For the Fiscal Year Ended  
June 30, 2001



**Prepared by the Department of Administrative Services**

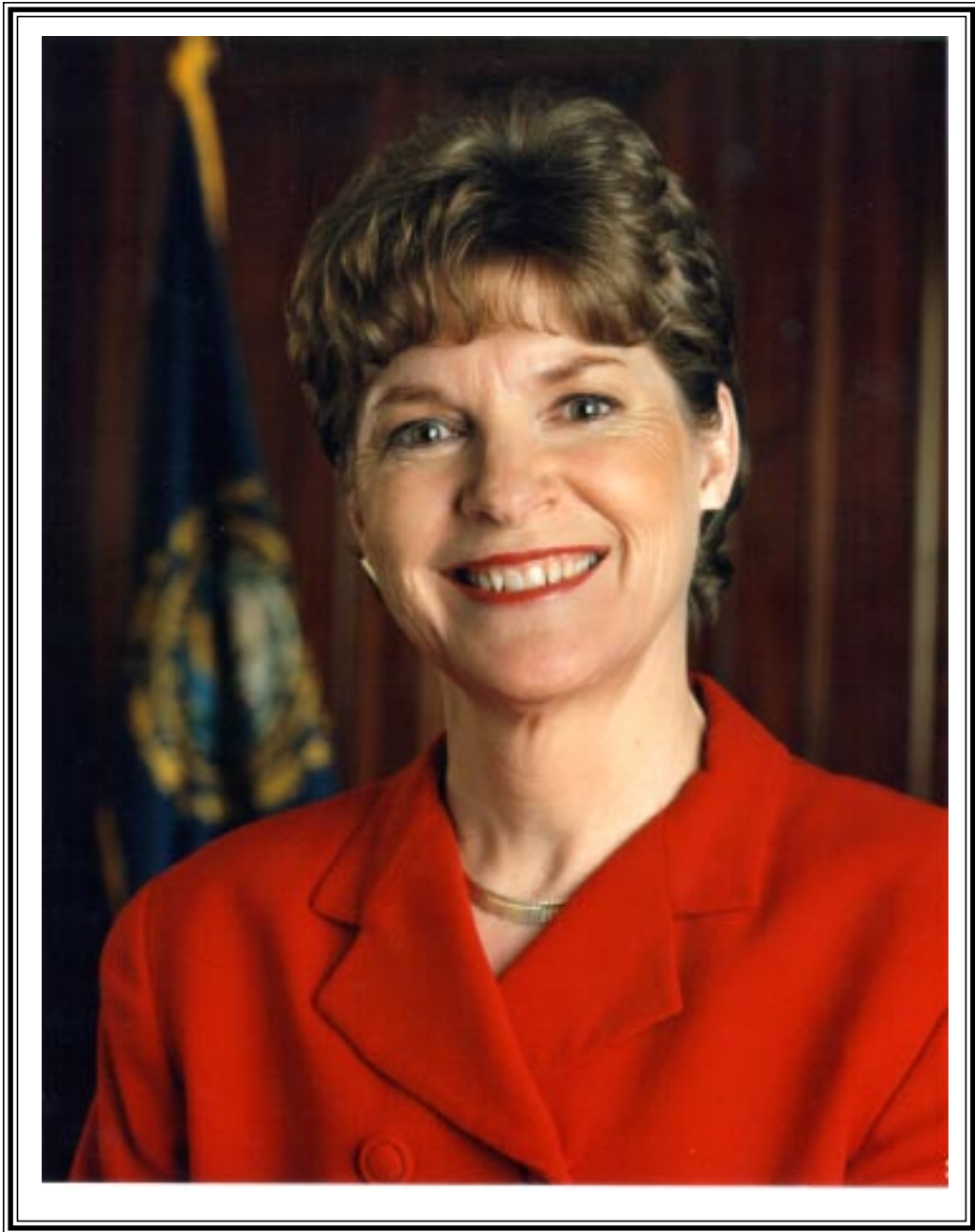
Donald S. Hill, Commissioner

Thomas E. Martin, Comptroller

Sheri L. Walter, Director

**Division of Accounting Services**

This document and related information can be accessed at [www.state.nh.us/das/accounting](http://www.state.nh.us/das/accounting)



**Jeanne Shaheen**  
**Governor**  
**State of New Hampshire**



JEANNE SHAHEEN  
GOVERNOR

## STATE OF NEW HAMPSHIRE

OFFICE OF THE GOVERNOR

To: The Honorable Members of the Legislature and  
to the Citizens of the State of New Hampshire:

I am pleased to accept the Comprehensive Annual Financial Report for the State of New Hampshire, covering operations for the fiscal year ended June 30, 1999. Included in this report are the State's independently audited general purpose financial statements prepared in accordance with generally accepted accounting principles (GAAP). This report is presented to you and to the financial community to enable you to clearly comprehend New Hampshire's financial status.

New Hampshire continues to be one of the best places to live, work and raise families. New Hampshire has one of the fastest growing economies in the country. Our vibrant, diversified economy is reflected in our unemployment rate – the lowest unemployment rate New Hampshire has experienced in years and one of the lowest in the country.

Through ingenuity, wise investments and innovative public-private partnerships, our economy has evolved and taken advantage of new technologies and global opportunities. New Hampshire now has the highest concentration of high-technology workers in the nation, and New Hampshire citizens boast a top-ten ranking in the number of patents for innovative new products issued per person. We are now third in the nation in growth in international trade. And, the quality of our workforce and our friendly business climate have made New Hampshire a magnet for international investment.

We are also continuing to promote our traditional industries, such as tourism, and focusing new attention on the forest products industry.

Education remains the key to a strong economy in the future, and our workforce must have the skills they need for the jobs of the 21<sup>st</sup> century. We have increased our investment in both the university system and the community technical college system. We have fundamentally changed the way we pay for public K-12 education. In just two years we moved from a system where the state paid less than 10 percent of public school costs to one where the state pays more than 60 percent. While the debate on how we best finance this obligation will continue, the state is now meeting its responsibility to ensure that every child has the opportunity for a good education, no matter where that child lives.

Many challenges lie ahead of us, including the challenge of how we preserve our open spaces and natural resources as we continue to expand economic opportunity. We emerge from this past year with a strong financial base, and we are blessed with citizens and public officials who are committed to continually making New Hampshire a better place to live and work.

Very Truly Yours,

A handwritten signature in cursive script that reads "Jeanne Shaheen".

Jeanne Shaheen



## TABLE OF CONTENTS

### INTRODUCTORY SECTION

Selected State Officials .....	2
Organization Chart .....	3
<u>Letter of Transmittal</u> .....	4
GFOA Certificate of Achievement .....	15

### FINANCIAL SECTION

Independent Auditors' Report .....	18
<b><i>General Purpose Financial Statements</i></b>	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units .....	20
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds .....	22
Combined Statement of Revenues and Expenditures - Budget And Actual - Budgetary Basis - General and Special Revenue Funds .....	23
Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) or Fund Balances - Proprietary Fund Type, Nonexpendable Trust Funds, and Discretely Presented Proprietary Component Units .....	25
Combined Statement of Cash Flows - Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Proprietary Component Units .....	26
Combined Statement of Changes in Net Assets - Investment Trust and Pension Trust Funds .....	28
Combined Statement of Changes in Fund Balances - Component Units - College and University Funds .....	29
Combined Statement of Current Funds Revenues, Expenditures, and Other Changes Component Units - College and University Funds .....	30
<u>Notes to the General Purpose Financial Statements</u> .....	31

### ***Combining Financial Statements and Schedules***

Schedule of Expenditures at the Legal Level of Control - Budget and Actual - Budgetary Basis - General Fund .....	52
--	----

### Special Revenue Funds:

Combining Balance Sheet .....	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	55
Combining Schedule of Revenues and Expenditures at the Legal Level of Control, Budget and Actual - Budgetary Basis .....	56

## ***Combining Financial Statements and Schedules (Continued)***

### **Enterprise Funds:**

Combining Balance Sheet .....	62
Combining Statement of Revenues, Expenses and Changes in Retained Earnings .....	63
Combining Statement of Cash Flows .....	64

### **Trust and Agency Funds:**

Combining Balance Sheet .....	67
Combining Statement of Changes in Assets and Liabilities .....	68

Transfers Schedule .....	70
--------------------------	----

### **Component Units:**

Combining Balance Sheet .....	72
Combining Balance Sheet - College and University Funds .....	73
Combining Statement of Plan Net Assets - Pension Trust Funds .....	74
Combining Statement of Changes in Plan Net Assets - Pension Trust Funds .....	75
Combining Balance Sheet - Enterprise Funds .....	76
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Enterprise Funds .....	77
Combining Statement of Cash Flows - Enterprise Funds .....	78

## **STATISTICAL SECTION**

Table of Revenues, Expenditures and Changes in Fund Balances - General and Special Revenue Funds .....	80
Table of Unrestricted Revenue - General Fund - GAAP Basis .....	81
Table of Undesignated Fund Balance - General Fund .....	82
Table of Undesignated Fund Balance - Education Fund .....	83
Table of Undesignated Fund Balance - Highway Fund .....	84
Table of Undesignated Fund Balance - Fish and Game Fund .....	85
Schedule of Revenue Bond Coverage Ratio - Turnpike System Revenue Bonds .....	86
Ratio of General Long-Term Debt to Assessed Value and General Long- Term Debt Per Capita .....	87
Demographic Statistics .....	87
Number of Building Permits for Housing Units .....	88
Schedule of the Twenty Largest Private Sector Employers .....	88

---

# Introduction

---





State of New Hampshire  
Selected State Officials  
For the Fiscal Year Ended June 30, 2001

***Executive Branch***

***Governor*** Jeanne Shaheen

***Executive Council***

Raymond S. Burton, District 1

Peter J. Spaulding, District 2

Ruth L. Griffin, District 3

Thomas P. Colantuono, District 4

David K. Wheeler, District 5

***Attorney General***

Philip T. McLaughlin

***Commissioner of Administrative Services***

Donald S. Hill

***Treasurer***

Georgie A. Thomas

***Secretary of State***

William M. Gardner

***Judicial Branch***

***Chief Justice of the Supreme Court***

David A. Brock

***Legislative Branch***

***President of the Senate***

Arthur P. Klemm, Jr.

24 Senators

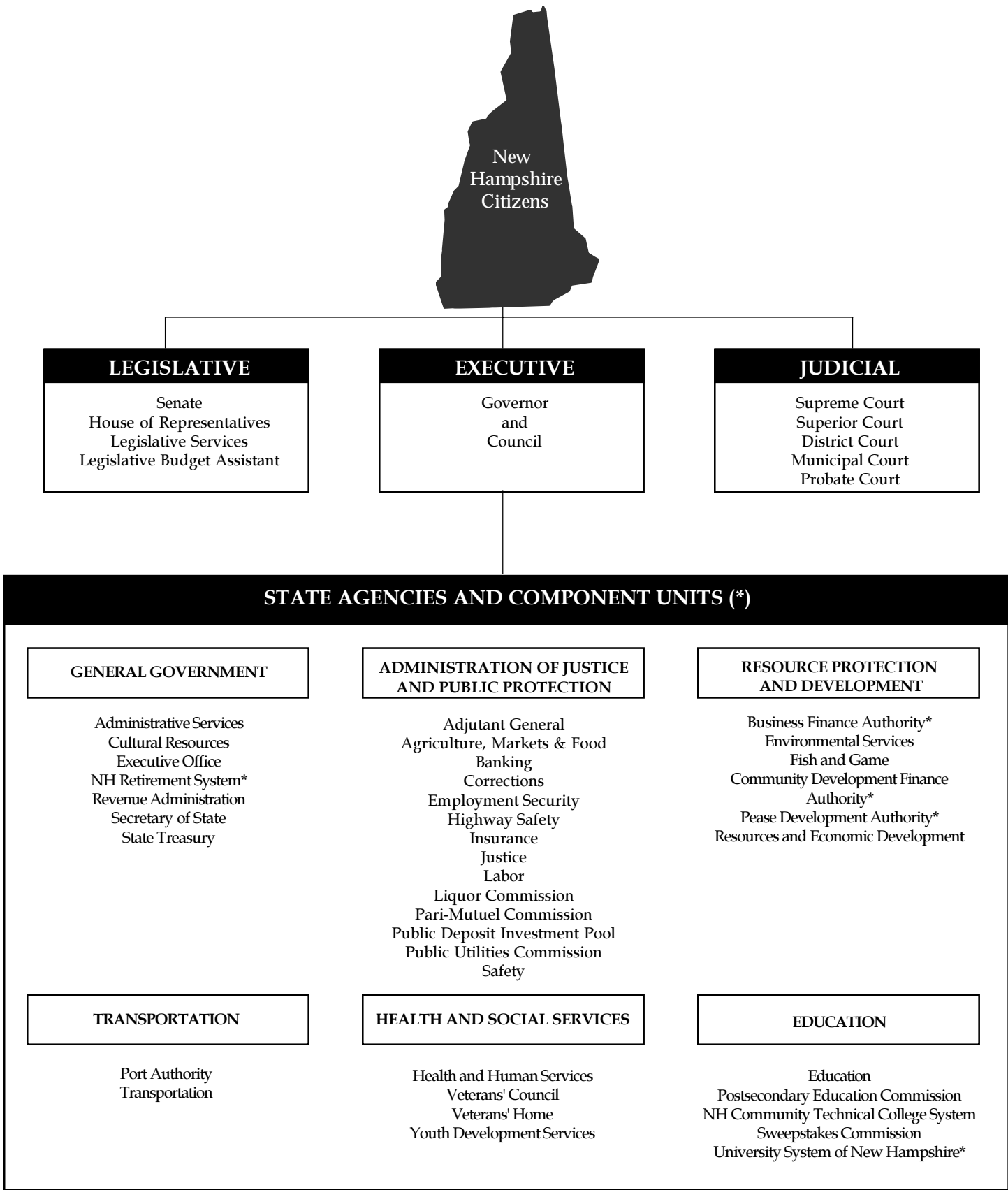
***Speaker of the House of Representatives***

Gene G. Chandler

400 Representatives

STATE OF NEW HAMPSHIRE

ORGANIZATION CHART





November 30, 2001

To: The Citizens of New Hampshire,  
Her Excellency the Governor  
and the Honorable Council

In accordance with the Revised Statutes Annotated (RSA) 21-I:8,I,(h), it is a pleasure to submit the Comprehensive Annual Financial Report (CAFR), covering the fiscal year ended June 30, 2001. This report has been prepared by the state Department of Administrative Services and responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the state. The general purpose financial statements, considered by management to present fairly and consistently the state's financial position and results of operations, are based on generally accepted accounting principles (GAAP).

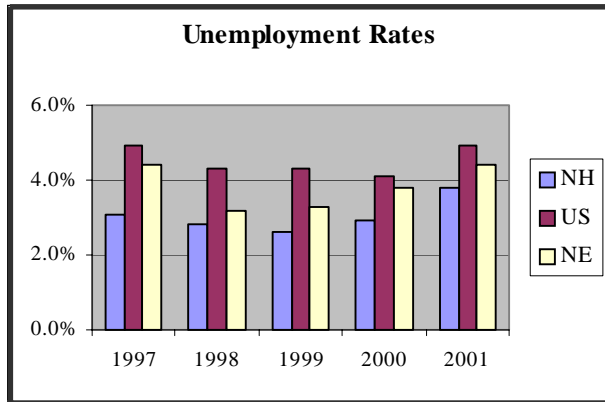
The CAFR is presented in three major sections:

- The Introductory Section includes this transmittal letter, the state's organization chart, and summary financial information.
- The Financial Section includes the independent auditors' report, general purpose financial statements, and combining financial statements and schedules.
- The Statistical Section contains selected financial, demographic, and economic data.

The financial reporting entity includes all funds and account groups of the state as legally defined, as well as all of its component units. Component units are legally separate entities for which the state is financially accountable. Note 1 to the General Purpose Financial Statements provides a more complete description of the state's reporting entity. The state provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development.

## New Hampshire's Economic Outlook

New Hampshire's strong economy, characterized by low unemployment rates, low tax burdens, highly skilled workforce, small and accessible government, high quality of life and a beautiful environment, has helped to attract new businesses and new citizens to the state.



Like the rest of the nation, New Hampshire has seen its economy weaken over the past year with increases in unemployment rates. However, the national outlook calls for a short and mild recession. Although New England's recovery is anticipated to lag the US, New Hampshire is predicted to outperform the rest of New England and be the first New England state out of the recession.

With announced workforce reductions, NH's unemployment rate is still below the national average and New England. The most current unemployment rates available (October 2001) show New Hampshire's unemployment at 3.8%, with New England at 4.4% and the US at 4.9%. Despite increasing rates, the tight labor market continues to drive up wages and employers are still competing for quality employees.

Many imbalances that existed in New Hampshire during the last recession (late 80's to early 90's) do not exist now. NH fared worse than its NE neighbors due to a plummeting real estate market with an excess number of jobs in the construction industry. This imbalance resulted in a speculative real estate market as evidenced by the number of bank failures.

Leading New Hampshire's recovery will be its diversified, knowledge-based economy characterized by its:

- Strong base of skilled and educated workers,
- Innovative and entrepreneurial spirit,
- High percentage of high-tech companies and workers,
- Links to eCoast, Boston and the Route 128 Research & Development Corridors,
- High concentration in defense and high-tech manufacturing,
- Growing export markets - New Hampshire has the fastest export growth rate of the New England states, and
- Strong reputation that New Hampshire is a good place to live and work.

### Tourism in New Hampshire

Travel and tourism is the second largest industry in the state. It brings more than \$8.6 billion annually into our economy and employs over 65,000 of our residents. Among the 50 states, New Hampshire's economy ranks 7<sup>th</sup> in our reliance on travel and tourism. For the second time in the past five years, the state has doubled funding for promotion of travel and tourism. Ultimately the success of the travel and tourism industry is related to the success of our state. Our accomplishments are measured by our ability to preserve and enhance our quality of life.

<i>New Hampshire's Economic Scoreboard for 2001</i>		
<i>Categories</i>	<i>NH's National Rank</i>	<i>NH's Rank in New England</i>
Favorable Tax Climate	1st	1st
Healthiest State (Morgan Quitno, 2001)	3 rd	2 nd
Standard of Living (by Poverty Rate)	1st	1st
Child and Family Well-Being (Annie E. Casey, 2001)	1st	1st
Safest State (Morgan Quitno, 2001)	2 nd	1st
Most Livable State (Morgan Quitno, 2001)	13 th	3 rd
College Educated Population	8 th	3 rd

Source: New Hampshire Economic Review, Public Service of New Hampshire

---

## MAJOR INITIATIVES

### Health Care

The HMO Accountability Act went into effect in September 2000, providing New Hampshire families with the information and tools they need to hold their HMOs accountable for providing the health care that families need. The Act establishes an independent review of HMO decisions to deny medical care, requires HMOs to reveal any financial incentives that may influence decisions on patient care, and subjects HMO medical directors to the New Hampshire Board of Medicine just like other doctors.

The state's innovative Children's Health Insurance Program, launched in 1999, has enrolled more than 13,000 children as of June 30, 2001, making it one of the nation's most successful programs. The program provides access to free and low-cost health coverage through partnerships with the New Hampshire Department of Health and Human Services, Healthy Kids Corp., Anthem Blue Cross Blue Shield, Northeast Delta, and the Healthy New Hampshire Foundation.

New Hampshire is a leader in designing innovative solutions to help its citizens save on the cost of prescription drugs. During fiscal 2001, New Hampshire joined forces with Vermont and Maine to create the nation's first multi-state prescription drug purchasing pool which will reduce prescription drug costs.

One of the biggest risks to the health of New Hampshire's youth is the abuse of alcohol, tobacco, and other drugs. The newly created Division of Alcohol and Drug Abuse Prevention and Recovery is working with local communities to develop innovative strategies to keep kids off drugs.

### High-Tech

New Hampshire's high tech sector is diversified and has a history of product innovations. NH has 4,400 high tech firms and 73,000 workers, concentrated in the Nashua, Portsmouth and Manchester areas. Currently, New Hampshire is ranked second nationally in percent of workers employed in high tech. The high tech sector is growing faster than any other industry in New Hampshire.

New Hampshire's high tech industry during the late 1980's was heavily concentrated in the minicomputer industry. Now with New Hampshire's high tech diversity it is less vulnerable to economic, technological or industry changes. NH's technology economy is not concentrated more than 25% in any one area.

### Trade

New Hampshire continues to increase its investments in the International Trade Resource Center, Industrial Research Center, and small business development, all crucial tools to help businesses expand and create good paying jobs. New Hampshire's export business has seen strong growth in recent years. New Hampshire has the fastest growth rate in international trade in New England.

### Lowering Electric Rates

The state reached a settlement agreement with Public Service Company of New Hampshire that has lowered electric rates an average of 16% for families and businesses, making the state more competitive.

### Infrastructure

New Hampshire is making critical investments in its roads, bridges and other infrastructure. The state has completed work on the Route 101 expansion project. This decade long \$190 million investment allows motorists to travel from Interstate 93 to Interstate 95 on four lanes of divided highway for the first time. The Department of Transportation's Red List, which reports bridges with known deficiencies, reported 157 bridges on the list with 26 bridges being added while 13 were removed.

## **Expanding Telecommunication Services**

New Hampshire is working to expand affordable high speed telecommunications to every part of the state, with a telecommunications initiative in the Department of Resources and Economic Development and by helping create public-private partnerships such as Monadnock Connect and North Country Connect. Monadnock and North Country Connect have already reached agreements that could lower telecommunication costs up to 60% in these regions.

## **Education**

Recently, the state unveiled its first school report cards giving parents and community members an important new tool to evaluate the performance of their local schools. The report cards, available on the Internet at [www.measuredprogress.org/nhprofile](http://www.measuredprogress.org/nhprofile), offer parents and communities a wide range of information, including graduation rates, number of students going on to college, state assessment test scores, teacher-to-student ratios, student-to-computer ratios, and school finances.

Since the launch of the Kindergarten Construction Program in 1999, more than 2,500 additional five-year-olds in 34 communities are attending public kindergarten.

The Unique College Investing Plan, continuously ranked as a top plan by Kiplinger's and SmartMoney, allows families to save tax-deferred for higher education costs. This state sponsored plan is managed by Fidelity Investments.

## **Environment**

New Hampshire took a great step forward in protecting its unique natural, cultural and historic resources with the creation last year of the Land and Community Heritage Investment Program. This public-private program will help preserve New Hampshire's open spaces and public places well into the future. In addition, the state is adopting policies to ensure it does not contribute to sprawl. This new program is funded in part by the state's new conservation license plate. To date over 18,000 plates have been issued, generating revenue in excess of \$480,000.

New Hampshire has launched a first-in-the-nation strategy to reduce emissions of dioxins. This strategy is the latest in a series of Department of Environmental Services' environmental and public health initiatives. The term "dioxin" refers to a family of highly toxic compounds. Dioxin is a very potent toxicant that can produce a number of adverse effects in humans including cancer and reproductive and development disorders. The goal of this strategy is to cut dioxin emissions in half in the next two years.

## **Making Government Work Better**

Technology is changing the way we all live and work. It is also changing how government works. In 2000, the Information Technology Strategic Task Force formed by Governor Shaheen released a strategy for how government can use technology to serve citizens more efficiently and effectively, and ultimately lower state costs. The 2002-2003 budget includes \$1 million for innovative investments in improving how technology is used to improve services by state agencies.

## FINANCIAL INFORMATION

### Summary of General and Education Funds Unrestricted Revenue GAAP Basis (In Millions)

Revenue Category	FY 1999	FY 2000			FY 2001		
		General	Education	Total	General	Education	Total
Business Profits Tax.....	\$ 164.8	\$ 146.4	\$ 22.4	\$ 168.8	\$ 179.6	\$ 15.8	\$ 195.4
Business Enterprise Tax.....	93.0	94.4	54.1	148.5	122.2	36.7	158.9
<b>Subtotal.....</b>	<b>257.8</b>	<b>240.8</b>	<b>76.5</b>	<b>317.3</b>	<b>301.8</b>	<b>52.5</b>	<b>354.3</b>
Meals & Rooms Tax.....	137.2	149.8	6.4	156.2	157.2	6.8	164.0
Tobacco Tax.....	73.8	68.4	26.6	95.0	61.0	25.4	86.4
Liquor Sales and Distribution.....	77.4	86.0	-	86.0	89.3	-	89.3
Interest & Dividends Tax.....	63.3	65.5	-	65.5	76.7	-	76.7
Insurance Tax.....	62.9	59.3	-	59.3	66.5	-	66.5
Communications Tax.....	46.2	47.8	-	47.8	49.0	-	49.0
Real Estate Transfer Tax.....	52.9	56.8	28.2	85.0	59.5	29.7	89.2
Estate and Legacy Tax.....	54.7	56.4	-	56.4	59.3	-	59.3
Transfers from Sweepstakes.....	-	-	61.5	61.5	-	59.4	59.4
Tobacco Settlement.....	-	0.4	53.8	54.2	-	38.7	38.7
Utility Property Tax.....	-	-	31.2	31.2	-	15.6	15.6
Property Tax Not Retained Locally.....	-	-	24.2	24.2	-	24.2	24.2
Property Tax Retained Locally.....			418.0	418.0	-	418.0	418.0
Other.....	126.8	128.0	2.9	130.9	137.4	0.2	137.6
<b>Subtotal.....</b>	<b>953.0</b>	<b>959.2</b>	<b>729.3</b>	<b>1,688.5</b>	<b>1,057.7</b>	<b>670.5</b>	<b>1,728.2</b>
Net Medicaid Enhancement							
Revenues.....	70.4	74.2	-	74.2	85.2	-	85.2
<b>Subtotal.....</b>	<b>1,023.4</b>	<b>1,033.4</b>	<b>729.3</b>	<b>1,762.7</b>	<b>1,142.9</b>	<b>670.5</b>	<b>1,813.4</b>
Other Medicaid Enhancement							
Revenues to Fund Net Appropriations.....	15.9	12.9	-	12.9	13.0	-	13.0
<b>Total.....</b>	<b>\$ 1,039.3</b>	<b>\$ 1,046.3</b>	<b>\$ 729.3</b>	<b>\$ 1,775.6</b>	<b>\$ 1,155.9</b>	<b>\$ 670.5</b>	<b>\$ 1,826.4</b>

In Fiscal 2000, in response to the education lawsuit, the state dramatically increased funding for education and made significant changes to its tax structure; including increases in business, rental cars, real estate transfer, and tobacco taxes.

Fiscal Year 2001 General and Education Fund unrestricted revenue increased approximately 2.9% over fiscal year 2000 unrestricted revenue. This growth occurred despite one-time gains in fiscal year 2000 that occurred partially due to tax rate changes that did not reoccur in fiscal year 2001. In fiscal year 2001, Business taxes increased \$37.0 million or 11.7% over prior year. Some of this growth can be attributed to the tax rate increases that became effective in fiscal year 2000. The meals and rooms tax increased approximately 5.0% over fiscal year 2000. Other strong revenue tax performers included the interest and dividends tax and the insurance tax which increased 17.1% and 12.1%, respectively. A total of \$41.7 million of tobacco settlement funds were received of which the first \$3.0 million was earmarked for tobacco prevention programs and the balance, \$38.7 million, was deposited into the Education Fund. Tobacco consumption continued to decline resulting in a 9.1% decrease in revenue generated by the tobacco tax.

**Surplus Statement  
General and Education Funds  
(In Millions)**

	FY 1999	FY 2000			FY 2001		
		General	Education	Total	General	Education	Total
<b>Undesignated Fund Balance, July 1</b>	\$ 41.4	\$ -	\$ 124.8	\$ 124.8	\$ 4.0	\$ 66.3	\$ 70.3
<b>Additions:</b>							
Unrestricted Revenue	1,039.3	1,046.3	729.2	1,775.5	1,155.9	670.5	1,826.4
Transfers of Appr from General Fund	-	-	39.6	39.6	-	40.6	40.6
Net Additions	1,039.3	1,046.3	768.8	1,815.1	1,155.9	711.1	1,867.0
<b>Deductions:</b>							
Appropriations Net of Estimated Revenues	(999.4)	(1,094.0)	(827.3)	(1,921.3)	(1,116.0)	(825.5)	(1,941.5)
Less Lapses	42.8	34.8	-	34.8	33.1	-	33.1
Net Deductions	(956.6)	(1,059.2)	(827.3)	(1,886.5)	(1,082.9)	(825.5)	(1,908.4)
<b>Other:</b>							
GAAP and Other Adjustments	(1.5)	11.0	-	11.0	7.1	-	7.1
HHS Revenue Enhancements	7.5	7.4	-	7.4	-	-	-
Net Other	6.0	18.4	-	18.4	7.1	-	7.1
<b>Current Year Balance</b>	88.7	5.5	(58.5)	(53.0)	80.1	(114.4)	(34.3)
<b>Fund Balance Transfers (To)/From:</b>							
Revenue Stabilization Account	-	-	-	-	(35.2)	-	(35.2)
Health Care Transition Fund	(5.3)	(1.5)	-	(1.5)	(0.8)	-	(0.8)
Education Betterment Fund	(124.8)	-	-	-	(48.1)	48.1	-
<b>Surplus Fund Balance, June 30</b>	\$ -	\$ 4.0	\$ 66.3	\$ 70.3	\$ 0.0	\$ 0.0	\$ 0.0
Revenue Stabilization Account	20.0	20.0	-	20.0	55.2	-	55.2
Health Care Fund	43.5	45.0	-	45.0	45.8	-	45.8
Education Betterment Fund	124.8	-	-	-	-	-	-
<b>Total Equity</b>	\$ 188.3	\$ 69.0	\$ 66.3	\$ 135.3	\$ 101.0	\$ 0.0	\$ 101.0

Due to long-term concerns associated with education funding, management actions were taken at the start of the fiscal year to reduce the overall rate of spending. Executive Order 2000-8 reduced departmental appropriations, subject to certain exemptions, by 3.0%. This action saved approximately \$17.9 million. In addition, Executive Order 2000-5 implemented a hiring freeze, subject to waiver. This action saved approximately \$3.3 million.

Salary and benefit expenditures increased over the prior year due to:

- Pay scale increases for recruiting and retention of nursing staff and correctional officers;
- Health insurance expenditures had contractual increases of 18.2% in October and an additional 11.8% increase in February; and
- 3% cost of living increase effective October 1, 2000.

The General Fund current year surplus totaled \$80.1 million, which combined with the beginning balance of \$4.0 million, was transferred primarily to the Education Fund (\$48.1 million) and Rainy Fund (\$35.2 million). The transfer to the Education Fund was to eliminate the deficit in that fund and bring the balance to zero.

**Five Year Summary of General Fund  
Revenues and Expenditures  
GAAP Basis (In Millions)**

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Total Revenues and Transfers In.....	\$ 1,199	\$ 1,278	\$ 1,360	\$ 1,313	\$ 1,423
Total Expenditures and Transfers Out .....	1,187	1,241	1,272	1,412	1,404
Revenues over (under) Expenditures .....	\$ 12	\$ 37	\$ 88	\$ (99)	\$ 19

## General Government Operations

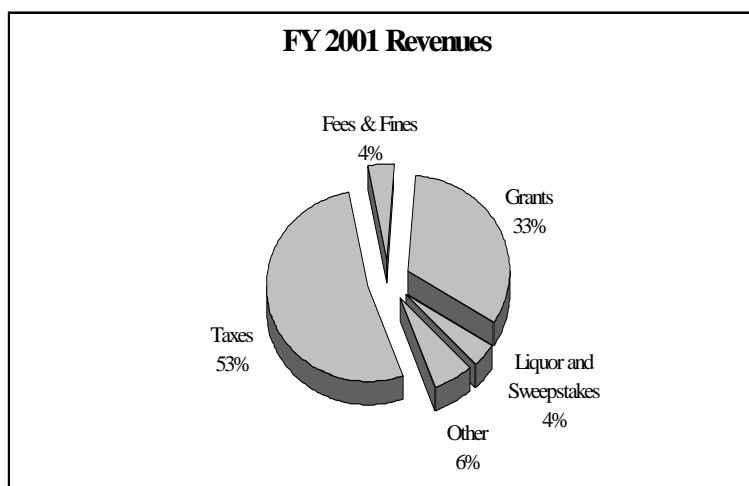
The general government operations of the state are recorded in the General Fund and the special revenue funds. These funds capture the normal recurring activities of the state. The special revenue funds are the Highway Fund, the Fish and Game Fund, the Special Fund (primarily used to account for major federal grants), and the Education Trust Fund.

### Revenues

The following table summarizes the revenues for the general operations of the state (expressed in millions). The Liquor and Sweepstakes transfers are included as revenues for this analysis since these proceeds are used to finance the general operations of the state.

Revenues	FY 2001 Amount	FY 2000 Amount	Increase (Decrease)	% Increase (Decrease)
Taxes.....	\$ 1,767	\$ 1,698	\$ 69	4.1 %
Fees and Fines.....	137	131	6	4.6
Grants from Federal Government.....	983	958	25	2.6
Grants from Private and Local Sources.....	123	113	10	8.8
Sale of Services and Commodities.....	87	86	1	1.2
Assessments.....	21	22	(1)	(4.5)
Grants from Other Agencies.....	8	3	5	166.7
Liquor and Sweepstakes Transfers.....	137	138	(1)	(0.7)
Miscellaneous.....	105	119	(14)	(11.8)
Total.....	\$ 3,368	\$ 3,268	\$ 100	3.1 %

Although the state had modest growth over last year (3.1%), the rate was significantly less than what was experienced in previous years. During fiscal 2000 the state's 28.9% revenue growth was attributed to the strong economy and the new tax rate increases associated with the education funding legislation. In fiscal 2001, there were no new revenue sources and the state did not have any significant rate changes.

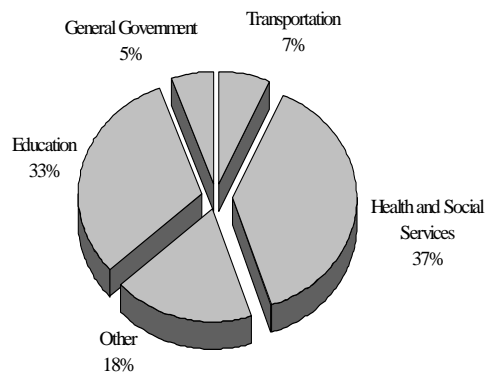


## Expenditures

The following table summarizes the expenditures for the general operations of the state (expressed in millions). The General Fund transfers out to the University System of New Hampshire are included as expenditures for this analysis since they are considered to be activities of the primary government. These transfers of \$75.4 million are included in the Education category below.

Expenditures	FY 2001 Amount	FY 2000 Amount	Increase (Decrease)	%Increase (Decrease)
General Government .....	\$ 185	\$ 184	\$ 1	0.5 %
Administration of Justice and Public Protection .....	217	201	16	8.0
Resource Protection and Development ...	134	119	15	12.6
Transportation .....	227	212	15	7.1
Health and Social Services .....	1,276	1,211	65	5.4
Education .....	1,120	1,107	13	1.2
Debt Service .....	81	81	-	-
Capital Outlay .....	180	185	(5)	(2.7)
Total .....	<u>\$ 3,420</u>	<u>\$ 3,300</u>	<u>\$ 120</u>	<u>3.6 %</u>

### FY 2001 Expenditures



Unlike the change from fiscal 1999 to 2000, which had a 35.1% increase, expenditures increased only 3.6% this year. The large increase in fiscal 2000 resulted from increases in education expenditures from the Supreme Court's Claremont II decision, which mandated the state to provide funding for an adequate education. Concerns over education funding, coupled with economic slowdowns, led to management actions to reduce the overall rate of spending. In addition, major highway projects, including the Route 101 expansion, were completed during the current fiscal year, keeping capital outlay expenditures down.

## Enterprise Funds

The state's enterprise funds account for the self-supporting activities of state governmental units which render services on a user-charge basis to the general public. These funds account for the activities of the Liquor Commission, the Sweepstakes Commission, and the Turnpike System.

Net proceeds from operations of the Liquor Commission are transferred to the General Fund and are used to fund the general operations of the state. Increases in Liquor Commission profits resulted from successful marketing strategies for wine and spirits that have included discounts on case lots and specific promotional campaigns. Profits have also increased by aggressively controlling operating and overhead costs. The transfer from the Liquor Fund to the General Fund in fiscal year 2001 equaled \$77.3 million, a \$1.1 million increase over fiscal year 2000.

Net proceeds from operations of the Sweepstakes Commission are transferred to the Education Fund. Even though total sales increased in fiscal year 2001, the transfer to education totaled \$59.4 million, which was a \$2.1 million decrease from fiscal year 2000. The decrease can be attributed to a lack of a major Powerball jackpot in fiscal year 2001. Instant games sales increased but these games have a higher payout ratio than Powerball.

The New Hampshire Turnpike System operates a self-supporting toll road which presently consists of approximately 94 miles of limited access highway, 37 miles of which are part of the U.S. Interstate Highway System. All revenues derived by the Turnpike System are used for operations, maintenance and repair, and the timely payment of principal and interest on debt.



## Budgetary Process

The state budget is prepared on a biennial basis. Prior to the start of each biennium, all departments of the state are required by law to transmit to the commissioner of the Department of Administrative Services requests for capital and operating expenses and estimates for revenue for the ensuing biennium. Following public hearings and consultation with various department heads, the Governor prepares a recommended budget. The budget is forwarded to the Legislature by February 15th of the odd year for consideration. The Legislature performs its review of the proposed budget and can make further adjustments. The budget passed by the Legislature is forwarded to the Governor to be enacted into law or to be vetoed.

The legal level of budgetary control is at the department level. All departments are authorized to transfer appropriations within their departments with prior approval from the Legislative Fiscal Committee and the Executive Council.

## Internal Controls

Major fiscal responsibilities within the state are segregated among the following officials:

- **Department of Administrative Services** - The commissioner of Administrative Services, the assistant commissioner/budget officer and the comptroller are responsible for enforcing financial policy guidelines, developing the executive budget, collecting financial data from individual agencies, developing and reviewing appropriation control procedures, and compiling agency financial information.

- **Legislative Budget Assistant (LBA)** - The LBA, appointed by the Fiscal Committee, is responsible for ensuring that an annual audit is conducted of the state's general purpose financial statements prepared by the Department of Administrative Services. The LBA also provides staff assistance to the finance committees of the state Legislature. The LBA Audit Division performs various financial, compliance, and performance audits of state agencies.

- **State Treasurer** - The state treasurer, elected by the Legislature, is responsible for executing policy for the management of the state treasury and depositing and investing state funds as well as the issuing of general obligation and revenue bonds.

- **State Agencies** - Agency commissioners and directors are responsible for administering their agencies, in accordance with legislative and executive directives, to effectively service the citizens of the state.

Financial transactions for the various state agencies are recorded in the New Hampshire Integrated Financial System (NHIFS). The state's centralized accounting system and other accounting procedures were designed to provide various controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use and the proper recording of financial transactions. The Department of Administrative Services prepared the Internal Controls Tool Kit to further educate agency personnel in the importance of maintaining an effective internal control structure.

## Component Units

The state's financial reporting entity consists of the primary government, composed of the funds and departments or agencies of the state, and five discretely presented component units. Component units are organizations which are legally separate from the state, but for which the state is deemed "financially accountable" under the various criteria set forth in GASB Statement No. 14. The Business Finance Authority, the Pease Development Authority, the University System of New Hampshire, the New Hampshire Retirement System, and the Community Development Finance Authority are the five component units whose financial statements have been discretely presented in the state's CAFR for the year ended June 30, 2001.

## Cash and Investments

Cash deposits into the state treasury are coordinated jointly by the state treasurer and the state agencies. Cash is managed in pooled investment funds in order to maximize interest earnings. Investments are made in accordance with state statutes. Cash is primarily invested in United States Treasury and agency obligations and certificates of deposit. For the fiscal year ended June 30, 2001, the average daily balance of pooled investment funds was estimated at \$335.9 million, with an average yield of 5.8%. Total investment income was \$19.6 million for the year.

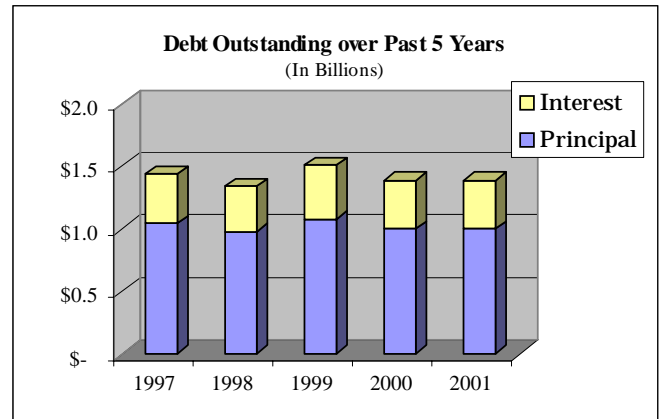
## Debt

The state may issue general obligation bonds, revenue bonds, and notes in anticipation of such bonds authorized by the Legislature and Governor and Council. The state may also directly guarantee certain authority or political subdivision obligations. At year-end, the state's general obligation bonds were rated AA+ by Standard and Poor's Corporation, Aa2 by Moody's Investors Service, and AA+ by Fitch IBCA. The state had approximately \$628.4 million in general obligation bonds and \$331.5 million of Turnpike revenue bonds outstanding at year-end (net of unamortized discounts).

On December 1, 2000, the State issued \$90 million of general obligation capital improvement bonds. In addition, the State had \$50 million of bond anticipation notes outstanding at year-end. These notes will be refinanced by a November 2001 bond issue and therefore have been reclassified as long-term debt and are recorded in the long-term debt account group.

The state has entered into lease-purchase agreements. The present value of the future minimum lease payments totaled \$7.3 million. These leased assets have been capitalized and are included in the state's general fixed asset account group.

The state does not have any debt limitations, except for contingent debt guarantees which are detailed in the Notes to the General Purpose Financial Statements.



## Insurance

Historically, the state has assumed the risk for fire, property, and general liability purposes, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial to the general public. Commercial insurance is purchased by the state to cover such things as fleet automobile, watercraft and aircraft liability, ski area operations to protect the state from liabilities resulting from the state run facility, and a faithful performance position schedule bond to protect against dishonest acts of employees. Effective May 1, 2000, commercial insurance is purchased to cover state owned buildings in the event of a catastrophic loss.

Prior to July 1985, the state relied on the doctrine of sovereign immunity. Subsequently, legislation became effective creating the statute "Claims Against the State" in which sovereign immunity was waived to certain limits and would allow certain types of actions and claims to be brought against the state. The limits set by the statute are the basis for risk management programs.

## OTHER INFORMATION

### Audits

Pursuant to RSA 21-I:8,I(h), the Legislative Budget Assistant may designate a certified public accountant not employed in state service to conduct an annual audit, in accordance with Generally Accepted Auditing Standards, of the state's general purpose financial statements. KPMG LLP, the designated certified public accountant, has performed an independent audit of the state's general purpose financial statements for the fiscal year ended June 30, 2001.

In order to comply with the Single Audit Act of 1984, the Legislative Budget Assistant also contracts for a single audit of the state as a whole, which will include a legal compliance report on all federal funds received by the state. This report (including a Schedule of Expenditures of Federal Awards received by the state and comments on internal accounting controls and compliance with laws, rules and regulations) will be published separately.

## Certificate of Achievement

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of New Hampshire for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. This was the fourth consecutive year that the state received this prestigious award.

In order to be awarded a certificate of achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe our current report continues to comply with the program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

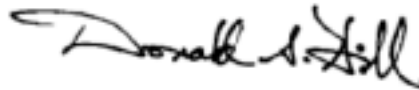
## Annual Report to the Citizens

Again in fiscal year 2001, the Department of Administrative Services published the *Annual Report to the Citizens*. That report presents a simplified version of the financial information contained in the CAFR, as well as an overview of state operations and other nonfinancial data. A copy of the report may be obtained from the Department of Administrative Services, 25 Capitol St. Rm 413, Concord NH 03301, or from the department's web site at <http://www.state.nh.us/das/accounting/reports.htm>.

## Acknowledgements

In submitting this report, I acknowledge the cooperation and assistance of all the state agencies and the dedication of the employees of the Department of Administrative Services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donald S. Hill". The signature is fluid and cursive, with a large initial "D" and "H".

Donald S. Hill, Commissioner

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
New Hampshire

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Imelda Gruve*  
President

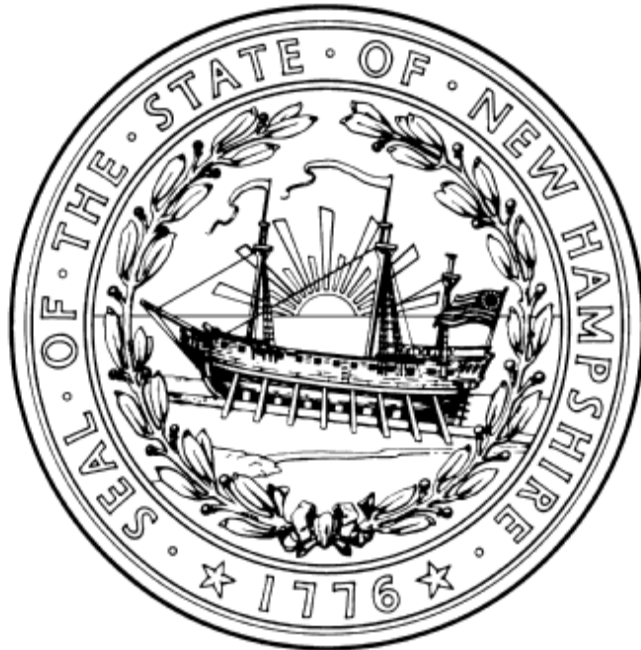
*Jeffrey L. Esser*  
Executive Director



---

# Financials

---





99 High Street  
Boston, MA 02110-2371

Telephone 617 988 1000  
Fax 617 988 0800

## INDEPENDENT AUDITORS' REPORT

To the Fiscal Committee of the General Court  
State of New Hampshire  
Concord, New Hampshire

We have audited the accompanying general purpose financial statements of the State of New Hampshire as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the State of New Hampshire's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit any of the financial statements of component units except the New Hampshire Retirement System which represents 83% of the Component Unit assets on page 21 and 100% of the Pension Trust fund on page 28. In addition, we did not audit the financial statements of the New Hampshire Public Deposit Investment Pool which comprises 40% of Fiduciary Fund Type assets on page 21 and 100% of the Investment Trust fund on page 28. The entities we did not audit were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to data included for those entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of New Hampshire as of June 30, 2001, and the results of its operations, and cash flows of its proprietary fund types, nonexpendable trust funds, and discretely presented component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Fiscal Committee of the General Court  
State of New Hampshire

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of New Hampshire. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2001, on our consideration of the State of New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We did not audit the data included in the introductory and statistical sections of this report and, accordingly, express no opinion thereon.

KPMG LLP

November 30, 2001



**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND  
DISCRETELY PRESENTED COMPONENT UNITS**

**JUNE 30, 2001**

**(Expressed in Thousands)**

	<b>GOVERNMENTAL FUND TYPES</b>			<b>PROPRIETARY FUND TYPE</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Enterprise</b>
<b>ASSETS AND OTHER DEBITS</b>				
Cash and Cash Equivalents (Note 3).....	\$ 92,607	\$ 150,698	\$ 34,454	\$ 26,213
Investments (Note 3).....	3,020			
Receivables (Net of Allowances for Uncollectibles) (Note 4).....	158,499	157,011	6,000	14,534
Due from Other Funds (Note 8).....	7,622	11,025		
Due from Component Units (Note 8).....	53,344			
Inventories.....	5,146	4,636		21,254
Other Assets.....	9			28
Loans and Notes Receivable (Note 4).....		165,919		
Restricted Assets:				
Cash and Cash Equivalents (Note 3).....				2,184
Investments (Note 3).....	45,812			75,334
Receivables (Note 4).....				
Deferred Charges.....				2,970
Fixed Assets (Net of Accumulated Depreciation) (Note 5).....				518,737
Amounts to be Provided in Future Years (Note 6).....				
Total Assets and Other Debits.....	\$ 366,059	\$ 489,289	\$ 40,454	\$ 661,254
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts Payable.....	\$ 58,483	\$ 111,101	\$ 4,155	\$ 26,202
Accrued Payroll.....	13,637	6,426		1,100
Due to Other Funds (Note 8).....	9,833	6,719		2,095
Due to Primary Government (Note 8).....				
Deferred Revenue (Notes 4 and 8).....	120,631	175,219	2,194	3,098
Unclaimed Property and Prizes.....	4,582			3,026
Notes Refinanced Long-term (Note 6).....				
Other Liabilities.....	200			398
Custodial Funds Payable.....				
General Obligation Bonds Payable - Current (Note 6).....				4,036
Liabilities Payable from Restricted Assets (Note 6).....				14,178
General Obligation Bonds Payable Non-current (Note 6).....				22,185
Revenue Bonds Payable (Net of Unamortized Discount) (Note 6).....				322,145
Compensated Absences and Accrued Employee Benefits (Note 6)...				4,076
Other Long-term Debt (Note 6).....				
Total Liabilities.....	207,366	299,465	6,349	402,539
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in General Fixed Assets.....				
Contributions from Other Funds.....				14,545
Contributed Capital, Net of Amortization (Note 10).....				34,589
Retained Earnings.....				209,581
Equity Component Units.....				
Fund Balances:				
Reserved for Unemployment Compensation Benefits.....				
Reserved for Various Trust Funds.....				
Reserved for External Investment Pool Participants.....				
Reserved for Encumbrances.....	20,199	203,542	29,184	
Reserved for Inventories.....	5,146	4,636		
Reserved for Unexpended Appropriations.....	32,335	5,348	59,784	
Reserved for Revenue Stabilization.....	55,201			
Reserved for Health Care Fund.....	45,812			
Unreserved, Undesignated (Deficit) (Note 9).....		(23,702)	(54,863)	
Total Equity and Other Credits.....	158,693	189,824	34,105	258,715
Total Liabilities, Equity and Other Credits.....	\$ 366,059	\$ 489,289	\$ 40,454	\$ 661,254

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)		Totals (Memorandum Only)	
	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government	Component Units	Reporting Entity
\$	13,714			\$ 317,686	\$ 512,876	\$ 830,562
	870,384			873,404	4,640,935	5,514,339
	8,044			344,088	118,814	462,902
				18,647		18,647
				53,344		53,344
				31,036		31,036
				37	19,259	19,296
				165,919	23,813	189,732
				2,184	13,787	15,971
				121,146	4,425	125,571
					14,156	14,156
				2,970		2,970
	\$ 778,194			1,296,931	445,497	1,742,428
		\$ 734,444		734,444		734,444
\$	892,142	\$ 778,194	\$ 734,444	\$ 3,961,836	\$ 5,793,562	\$ 9,755,398
				\$ 199,941	\$ 22,082	\$ 222,023
				21,163	11,427	32,590
				18,647		18,647
					53,344	53,344
				301,142	20,116	321,258
				7,608		7,608
		\$ 50,000		50,000		50,000
\$	4,883			5,481	503,529	509,010
	167,620			167,620		167,620
				4,036	1,100	5,136
				14,178	12,434	26,612
		602,185		624,370	18,574	642,944
				322,145		322,145
		69,973		74,049	70,282	144,331
		12,286		12,286	196,032	208,318
	172,503		734,444	1,822,666	908,920	2,731,586
		778,194		778,194		778,194
				14,545		14,545
				34,589		34,589
				209,581		209,581
					4,884,642	4,884,642
	342,095			342,095		342,095
	18,387			18,387		18,387
	359,157			359,157		359,157
				252,925		252,925
				9,782		9,782
				97,467		97,467
				55,201		55,201
				45,812		45,812
				(78,565)		(78,565)
	719,639	778,194		2,139,170	4,884,642	7,023,812
\$	892,142	\$ 778,194	\$ 734,444	\$ 3,961,836	\$ 5,793,562	\$ 9,755,398

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>REVENUES:</b>					
General Property Taxes.....	\$ 422	\$ 457,779			\$ 458,201
Special Taxes.....	778,482	154,476			932,958
Personal Taxes.....	60,994	25,356			86,350
Business License Taxes.....	81,594	141,057			222,651
Non-Business License Taxes.....	5,095	61,973		\$ 38,616	105,684
Fees.....	66,885	41,015			107,900
Fines, Penalties and Interest.....	25,006	3,697			28,703
Grants from Federal Government.....	169,215	814,127	\$ 16,734		1,000,076
Grants from Private and Local Sources.....	26,947	95,637	159		122,743
Rents and Leases.....	1,190				1,190
Interest, Premiums and Discounts.....	4,621	10,049	1,585	21,606	37,861
Sale of Commodities.....	2,673	7,747			10,420
Sale of Services.....	71,449	5,446			76,895
Assessments.....	17,429	3,245			20,674
Grants from Other Agencies.....	3,992	3,639			7,631
Miscellaneous.....	27,920	61,092		3,525	92,537
Total Revenues.....	1,343,914	1,886,335	18,478	63,747	3,312,474
<b>EXPENDITURES:</b>					
Current:					
General Government.....	144,396	41,047			185,443
Administration of Justice and Public Protection.....	178,528	38,694			217,222
Resource Protection and Development.....	44,122	89,681			133,803
Transportation.....	6,541	220,387			226,928
Health and Social Services.....	416,069	860,031		40,672	1,316,772
Education.....	110,063	934,780			1,044,843
Debt Service.....	74,358	7,032			81,390
Capital Outlay.....	20,983	158,585	50,544	2,941	233,053
Total Expenditures.....	995,060	2,350,237	50,544	43,613	3,439,454
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	348,854	(463,902)	(32,066)	20,134	(126,980)
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In.....	1,787	334,191			335,978
Enterprise Transfers In.....	77,275	59,348			136,623
Operating Transfers Out.....	(333,380)	(1,622)	(976)		(335,978)
Transfers Out to Component Unit.....	(75,365)		(5,197)		(80,562)
Proceeds from Issuance of Bonds/BANS Refinanced.....			140,000		140,000
Total Other Financing Sources (Uses).....	(329,683)	391,917	133,827		196,061
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	19,171	(71,985)	101,761	20,134	69,081
Fund Balances (Deficit) - July 1.....	139,474	263,179	(67,656)	326,986	661,983
Change in Reserve for Inventory.....	48	(1,370)			(1,322)
Fund Balances - June 30.....	\$ 158,693	\$ 189,824	\$ 34,105	\$ 347,120	\$ 729,742

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	General			Special Revenue		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>						
General Property Taxes.....	\$ 450	\$ 422	\$ (28)	\$ 442,064	\$ 457,779	\$ 15,715
Special Taxes.....	711,348	778,446	67,098	234,940	213,824	(21,116)
Personal Taxes.....	74,760	60,994	(13,766)	27,800	25,356	(2,444)
Business License Taxes.....	76,764	81,594	4,830	148,854	141,057	(7,797)
Non-Business License Taxes.....	5,053	5,290	237	60,054	61,973	1,919
Fees.....	67,844	67,236	(608)	45,158	41,459	(3,699)
Fines, Penalties and Interest.....	26,550	25,006	(1,544)	2,070	3,262	1,192
Grants from Federal Government.....	184,216	178,144	(6,072)	930,349	836,618	(93,731)
Grants from Private and Local Sources.....	29,148	24,482	(4,666)	95,528	93,617	(1,911)
Rents and Leases.....	5,546	5,550	4	38	410	372
Interest Premiums and Discounts.....	3,617	4,625	1,008	9,557	10,544	987
Sale of Commodities.....	1,215	3,055	1,840	4,695	7,458	2,763
Sale of Services.....	62,875	72,762	9,887	21,340	18,811	(2,529)
Assessments.....	21,935	19,963	(1,972)	3,327	3,245	(82)
Grants from Other Agencies.....	80,175	74,834	(5,341)	12,234	13,053	819
Miscellaneous.....	27,332	34,332	7,000	65,403	68,396	2,993
Total Revenues.....	1,378,828	1,436,735	57,907	2,103,411	1,996,862	(106,549)
<b>EXPENDITURES:</b>						
General Government.....	276,634	238,298	38,336	52,564	44,956	7,608
Administration of Justice and Public Protection.....	251,499	241,371	10,128	59,967	53,329	6,638
Resource Protection and Development.....	54,081	50,000	4,081	121,651	99,194	22,457
Transportation.....	13,890	11,311	2,579	422,950	395,659	27,291
Health and Human Services .....	435,728	422,912	12,816	880,099	836,531	43,568
Education.....	205,345	189,734	15,611	980,986	943,800	37,186
Total Expenditures.....	1,237,177	1,153,626	83,551	2,518,217	2,373,469	144,748
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	141,651	283,109	141,458	(414,806)	(376,607)	38,199
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In.....	92,341	92,341		286,126	286,126	
Operating Transfers Out .....	(297,016)	(297,016)		(1,622)	(1,622)	
Total Other Financing Sources (Uses).....	(204,675)	(204,675)		284,504	284,504	
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses..	(63,024)	\$ 78,434	\$ 141,458	(130,302)	\$ (92,103)	\$ 38,199
<b>Other Budget Items:</b>						
Transfers from Available Funds.....	32,870			113,477		
Budget Lapses.....	30,154			16,825		
Net Budget.....	\$ -0-			\$ -0-		

The notes to the financial statements are an integral part of this statement.



**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS (DEFICIT) OR FUND BALANCES - PROPRIETARY FUND TYPE, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trusts	Primary Government		Reporting Entity
<b>OPERATING REVENUES:</b>					
Charges for Sales and Services.....	\$ 564,762		\$ 564,762	\$ 10,546	\$ 575,308
Contributions.....		\$ 2,046	2,046		2,046
Interest.....		716	716	1,063	1,779
Other.....		436	436	222	658
Total Operating Revenues.....	564,762	3,198	567,960	11,831	579,791
<b>OPERATING EXPENSES:</b>					
Cost of Sales and Services.....	353,867		353,867		353,867
Personnel Services.....	22,915		22,915	3,468	26,383
Supplies and Materials.....	1,247		1,247		1,247
Communication Services.....	386		386		386
Travel.....	308		308		308
Printing and Binding.....	146		146		146
Advertising.....	3,489		3,489	294	3,783
Heat, Light and Power.....	1,914		1,914		1,914
Rent.....	2,419		2,419		2,419
Repairs.....	6,405		6,405		6,405
Payroll Benefits.....	7,508		7,508		7,508
Indirect Costs.....	1,319		1,319		1,319
Enforcement.....	3,968		3,968		3,968
Benefits and Refunds.....		4,345	4,345		4,345
Miscellaneous.....	3,214	1,202	4,416	5,513	9,929
Depreciation.....	13,488		13,488	3,416	16,904
Total Operating Expenses.....	422,593	5,547	428,140	12,691	440,831
Operating Income (Loss).....	142,169	(2,349)	139,820	(860)	138,960
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Licenses.....	2,820		2,820		2,820
Beer Taxes.....	11,461		11,461		11,461
Investment Revenue.....	5,196		5,196	1,904	7,100
Miscellaneous.....	1,941		1,941	(586)	1,355
Interest on Bonds.....	(17,168)		(17,168)	(1,565)	(18,733)
Amortization of Bond Issuance Costs.....	(238)		(238)		(238)
Total Nonoperating Revenues (Expenses).....	4,012		4,012	(247)	3,765
Income (Loss) Before Operating Transfers.....	146,181	(2,349)	143,832	(1,107)	142,725
<b>OPERATING TRANSFERS:</b>					
To General Fund and Education Fund.....	(136,623)		(136,623)		(136,623)
Net Income (Loss).....	9,558	(2,349)	7,209	(1,107)	6,102
Add: Depreciation on Fixed Assets Acquired by Grants and Entitlements Externally Restricted for Capital Acquisitions and Construction Reducing Contributed Capital.....	833		833	1,747	2,580
Increase (Decrease) in Retained Earnings (Deficit) or Fund Balances.....	10,391	(2,349)	8,042	640	8,682
Retained Earnings (Deficit) or Fund Balances - July 1.....	199,190	15,711	214,901	(3,512)	211,389
Retained Earnings (Deficit) or Fund Balances - June 30...	\$ 209,581	\$ 13,362	\$ 222,943	\$ (2,872)	\$ 220,071

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE, NONEXPENDABLE TRUST FUNDS,  
AND DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>PROPRIETARY FUND TYPE</b>	<b>FIDUCIARY FUND TYPE</b>	<b>Totals (Memorandum Only)</b>	<b>Totals (Memorandum Only)</b>	
	<b>Enterprise</b>	<b>Non- Expendable Trust</b>	<b>Primary Government</b>	<b>Component Units</b>	<b>Reporting Entity</b>
<b>Cash Flows from Operating Activities:</b>					
Operating Income (Loss).....	\$ 142,169	\$ (2,349)	\$ 139,820	\$ (860)	\$ 138,960
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation .....	13,488		13,488	3,416	16,904
Amortization.....	238		238		238
<b>Change in Operating Assets and Liabilities:</b>					
(Increase) in Receivables.....	(735)		(735)	(2,834)	(3,569)
(Increase) in Inventories.....	(1,217)		(1,217)		(1,217)
(Increase) in Notes Receivable.....				(1,109)	(1,109)
(Increase) in Other Assets.....				(19)	(19)
Decrease in Prepaid Expenses.....	87		87		87
Increase (Decrease) in Accounts Payable and Other Accruals.....	(4,138)		(4,138)	3,691	(447)
Increase in Deferred Revenue.....	541		541	540	1,081
Net Cash Provided (Used) by Operating Activities.....	150,433	(2,349)	148,084	2,825	150,909
<b>Cash Flows from Noncapital and Related Financing Activities:</b>					
Transfers to Other Funds.....	(133,645)		(133,645)		(133,645)
Proceeds from Collection of Licenses and Beer Tax.....	14,281		14,281		14,281
Net Cash (Used for) Noncapital and Related Financing Activities.....	(119,364)		(119,364)		(119,364)
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and Construction of Capital Assets.....	(10,290)		(10,290)	(7,382)	(17,672)
Repayment to Tenant.....				(26)	(26)
Increase (Decrease) in Contributed Capital.....	(3)		(3)	5,139	5,136
Repayments to Primary Government.....				(2,094)	(2,094)
Proceeds from Loans.....				1	1
Principal Received on Capital Leases.....				570	570
Interest Paid on Revenue and General Obligation Bonds.....	(20,244)		(20,244)	(1,565)	(21,809)
Principal Paid on Revenue and General Obligation Bonds.....	(10,977)		(10,977)	(1,000)	(11,977)
Contributions from Other Funds.....	135		135		135
Net Cash (Used for) Capital and Related Financing Activities.....	(41,379)		(41,379)	(6,357)	(47,736)

Continued...

**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE, NONEXPENDABLE TRUST FUNDS,  
AND DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>PROPRIETARY FUND TYPE</b>	<b>FIDUCIARY FUND TYPE</b>	<b>Totals (Memorandum Only)</b>		<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Non- Expendable Trust</b>	<b>Primary Government</b>	<b>Component Units</b>	<b>Reporting Entity</b>
<b>Cash Flows from Investing Activities:</b>					
Purchase of Investments.....	\$ (21,392)		\$ (21,392)		\$ (21,392)
Proceeds from Maturities of Investments.....	29,085	\$ 4,839	33,924	\$ 2,306	36,230
Interest and Other Income.....	6,458		6,458	1,592	8,050
Net Cash Provided by Investing Activities.....	14,151	4,839	18,990	3,898	22,888
Net Increase in Cash and Cash Equivalents.....	3,841	2,490	6,331	366	6,697
Cash and Cash Equivalents - July 1.....	24,556	701	25,257	21,082	46,339
Cash and Cash Equivalents - June 30.....	\$ 28,397	\$ 3,191	\$ 31,588	\$ 21,448	\$ 53,036

**Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet:**

Cash and Cash Equivalents for the Nonexpendable Trust Funds and the Component Units as of June 30, 2001, on the Combined Statement of Cash Flows are reconciled to the Cash Equivalents on the Combined Balance Sheet as follows:

**Cash and Cash Equivalents June 30, 2001:  
(Expressed in Thousands)**

**Fiduciary Fund Type:**

Nonexpendable Trust Funds .....	\$ 3,191
Expendable Trust Funds .....	449
Agency Funds .....	10,074
Total Fiduciary Fund Type .....	\$ <u>13,714</u>

**Component Units:**

College and University Funds Unrestricted .....	\$ 101,298
Pension Trust Funds Unrestricted .....	403,917
Proprietary Funds Unrestricted, presented above ..	\$ 7,661
Proprietary Funds Restricted, presented above ....	<u>13,787</u>
Total Component Units .....	\$ <u>526,663</u>



**COMBINED STATEMENT OF CHANGES IN NET ASSETS -  
INVESTMENT TRUST AND PENSION TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>Primary Government Investment Trust</b>	<b>Component Units Pension Trust</b>	<b>Totals (Memorandum Only) Reporting Entity</b>
<b>ADDITIONS:</b>			
<b>Contributions:</b>			
Employer Normal and Accrued Liability.....		\$ 59,272	\$ 59,272
State Contributions on Behalf of Local Employers.....		15,384	15,384
Total Employer Contributions.....		74,656	74,656
Plan Member.....		93,999	93,999
Participant Contributions.....	\$ 427,689		427,689
Post Retirement Medical Plan Contributions on Behalf of Employers...		18,317	18,317
Total Contributions.....	427,689	186,972	614,661
<b>Investment Income:</b>			
Net Appreciation/(Depreciation) in Fair Value of Investments.....	139	(480,898)	(480,759)
Interest.....	21,010	72,180	93,190
Dividends.....		41,533	41,533
Timberfund Income.....		37	37
Alternative Investment Income.....		510	510
Commercial Real Estate Operating Income.....		77,954	77,954
Total Income/(Loss) from Investment Activities.....	21,149	(288,684)	(267,535)
<b>Less: Investment Expenses:</b>			
Investment Manager Fees.....		28,156	28,156
Commercial Real Estate Operating Expense.....		40,799	40,799
Custodial Fees.....		634	634
Investment Advisor Fees.....		461	461
Total Investment Activity Expenses.....		70,050	70,050
Net Income/(Loss) from Investment Activities.....	21,149	(358,734)	(337,585)
<b>From Securities Lending Activities:</b>			
Security Lending Income.....		27,147	27,147
Less: Security Lending Borrower Rebates.....		24,856	24,856
Less: Security Lending Management Fees.....		687	687
Net Income from Securities Lending Activities.....		1,604	1,604
Total Net Investment Income/(Loss).....	21,149	(357,130)	(335,981)
Administrative Assessment.....		5,298	5,298
Other.....		371	371
Total Additions (Deductions).....	448,838	(164,489)	284,349
<b>DEDUCTIONS:</b>			
Benefits.....		213,186	213,186
Withdrawals and Distributions.....	435,848		435,848
Refunds of Contributions.....		16,979	16,979
Administrative Expense.....		4,405	4,405
Post Retirement Medical Plan Contributions to Pension Plan on Behalf of Employers.....		18,317	18,317
Professional Fees.....		623	623
Other.....		650	650
Total Deductions.....	435,848	254,160	690,008
Net Increase/(Decrease).....	12,990	(418,649)	(405,659)
<b>NET ASSETS HELD IN TRUST:</b>			
Beginning of the Year.....	346,167	4,758,919	5,105,086
End of the Year.....	\$ 359,157	\$ 4,340,270	\$ 4,699,427

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CHANGES IN FUND BALANCES**  
**COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**  
**(Expressed in Thousands)**

	<b>Current Funds</b>		<b>Loan</b>		<b>Endowment And Similar</b>	<b>Plant</b>	
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Funds</b>		<b>Funds</b>	<b>Funds</b>	<b>Total</b>
<b>REVENUES AND OTHER ADDITIONS:</b>							
Unrestricted Current Funds Revenues.....	\$ 322,841	\$ 91,222					\$ 414,063
Government Grants and Contracts - Restricted.....			\$ 308			\$ 4,156	4,464
Private Gifts and Grants - Restricted.....			1	\$ 16,199		416	16,616
Endowment Income - Other Than Unrestricted.....			3	(434)			(431)
Investment Income - Other Than Unrestricted.....			10	331		1,333	1,674
Unrealized Loss on Investments.....				(18,640)			(18,640)
Interest on Loans Receivable.....			464				464
Current Funds Equipment Expenditures.....						7,852	7,852
Other Additions, Net.....			21			2,359	2,380
Total Revenues and Other Additions (Deductions).....	322,841	91,222	807	(2,544)		16,116	428,442
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>							
Current Funds Expenditures.....	360,131	90,266					450,397
Administrative and Collection Costs.....			364	2,403		181	2,948
Noncapitalized Plant Expenditures.....						5,428	5,428
Interest on Debt.....						7,352	7,352
Depreciation Expense.....						26,451	26,451
Other Deductions, Net.....			(186)	149		4,118	4,081
Total Expenditures and Other Deductions.....	360,131	90,266	178	2,552		43,530	496,657
<b>TRANSFERS AMONG FUNDS, NET:</b>							
Mandatory Transfers.....	(9,035)		36			8,999	
Optional Transfers:							
Between Current Funds.....	1,818	(1,818)					
From Loan Funds.....		52	(52)				
To (From) Endowment and Similar Funds.....	(800)	3,668		(3,351)		483	
To (From) Plant Funds.....	(26,076)	(386)				26,462	
Total Transfers Among Funds, Net.....	(34,093)	1,516	(16)	(3,351)		35,944	0
Operating Transfers From Primary Government.....	75,365					5,197	80,562
Net Increase (Decrease) in Fund Balances.....	3,982	2,472	613	(8,447)		13,727	12,347
Fund Balances - July 1, as restated.....	11,784	15,026	22,579	170,182		285,269	504,840
Fund Balances - June 30.....	\$ 15,766	\$ 17,498	\$ 23,192	\$ 161,735		\$ 298,996	\$ 517,187

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES  
COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Totals</b>
<b>REVENUES:</b>			
Educational and General:			
Tuition and Fees.....	\$ 181,999	\$	181,999
Federal Appropriations.....		\$ 3,296	3,296
Government Grants and Contracts.....	12,849	65,881	78,730
Private Grants and Contracts.....	4	16,150	16,154
Private Gifts.....	4,663	2,954	7,617
Endowment Income.....	4,300	2,855	7,155
Investment Income.....	8,081	86	8,167
Sales and Services of Educational Activities.....	8,301		8,301
Other Sources.....	4,278		4,278
Total Educational and General.....	224,475	91,222	315,697
Auxiliary Enterprises.....	98,366		98,366
Total Revenues.....	322,841	91,222	414,063
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>			
Educational and General:			
Instruction.....	117,296	737	118,033
Research and Sponsored Programs.....	12,790	63,504	76,294
Public Services.....	14,576	3,974	18,550
Academic Support.....	33,349	1,757	35,106
Student Services.....	19,547	1,009	20,556
Institutional Support.....	30,976	151	31,127
Operation and Maintenance of Plant.....	17,603	25	17,628
Student Financial Aid.....	30,979	19,109	50,088
Educational and General Expenditures.....	277,116	90,266	367,382
Mandatory Transfers for:			
Principal and Interest.....	127		127
Loan Fund Matching Grants.....	36		36
Total Educational and General.....	277,279	90,266	367,545
Auxiliary Enterprises:			
Expenditures.....	83,015		83,015
Mandatory Transfers for Principal and Interest.....	8,872		8,872
Total Auxiliary Enterprises.....	91,887		91,887
Total Expenditures and Mandatory Transfers.....	369,166	90,266	459,432
<b>OTHER CHANGES:</b>			
Voluntary Transfers.....	(25,058)	1,516	(23,542)
Operating Transfers from Primary Government.....	75,365		75,365
Net Increase in Fund Balances.....	\$ 3,982	\$ 2,472	\$ 6,454

The notes to the financial statements are an integral part of this statement.

# Notes to the General Purpose Financial Statements

## INDEX TO NOTES

1. Summary of Significant Accounting Policies	
A. Financial Reporting Entity.....	32
B. Basis of Presentation - Fund Accounting.....	33
C. Measurement Focus and Basis of Accounting.....	33
D. Cash Equivalents.....	34
E. Investments.....	34
F. Receivables.....	34
G. Inventories.....	34
H. Restricted Assets.....	34
I. Fixed Assets.....	34
J. Deferred Revenue.....	35
K. Compensated Absences.....	35
L. Encumbrances.....	35
M. Fund Equity.....	35
N. Capital Outlays.....	35
O. Bond Discounts, Premiums, and Issuance Costs.....	36
P. Intraentity Transactions.....	36
Q. Capital Projects.....	36
R. Meaning of "Totals (Memorandum Only)" Columns.....	36
S. Budget Control and Reporting.....	36
T. Use of Estimates.....	36
U. Changes in Reporting Standards.....	36
2. Reconciliation of Budgetary to GAAP.....	37
3. Cash, Cash Equivalents, and Investments.....	37
4. Receivables.....	40
5. Fixed Assets.....	41
6. Long-Term Debt.....	41
7. Risk Management and Insurance.....	43
8. Interfund Receivables and Payables.....	44
9. Undesignated Fund Balance (Deficit) and Contractual Commitments.....	44
10. Contributed Capital and Contributions From Other Funds.....	44
11. Employee Benefit Plans.....	45
12. Selected Financial Information.....	46
13. Contingent and Limited Liabilities.....	47
14. Lease Commitments.....	48
15. Litigation.....	48
16. Subsequent Event.....	49

# NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the state of New Hampshire (the state) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

### A. FINANCIAL REPORTING ENTITY

For financial reporting purposes, the state has included all funds, organizations, account groups, agencies, boards, commissions, and authorities and has considered all potential component units for which the state is financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability include whether the state, as the primary government, has appointed a voting majority of an organization's governing body and (1) has the ability to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the state. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government, although the primary government does not appoint a voting majority of the organization's governing board.

Once financial accountability has been determined for a potential component unit, that component unit is either blended into the primary government or discretely presented from the primary government. Potential component units that do not meet the financial accountability criteria, but where a voting majority of the governing board is appointed by the state, are deemed to be related organizations. The nature and relationship of the state's component units and related organizations are disclosed in the following section.

#### Discrete Component Units:

Discrete component units are entities which are legally separate from the state, but for which the state is financially accountable for financial reporting purposes, or whose relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. The component units columns of the general purpose financial statements include the financial data of these entities. Complete audited financial statements of the individual component units can be obtained from the respective entities.

**Business Finance Authority of the State of New Hampshire (Proprietary Fund Type)** - The Business Finance Authority (BFA) is a body corporate and politic with a governing board of fourteen members. The board consists of nine members appointed by the Governor with the consent of the Executive Council. The remaining members include

two state Representatives, two Senators, and the Treasurer. The state currently guarantees \$77.2 million of outstanding loans and principal on bonds of the BFA as of June 30, 2001, which creates the potential for the BFA to impose a financial burden on the state.

**The Community Development Finance Authority (Proprietary Fund Type)** - The Community Development Finance Authority (CDFA) is a body corporate and politic organized as a nonprofit corporation under Revised Statutes Annotated (RSA) 292. The governing board of eleven members is made up of the Commissioner of the Department of Resources and Economic Development or designee and ten public members appointed by the Governor and Executive Council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities, one representative of organized labor, two representatives of small business and the financial community, one representative of employment training programs, and two representatives of private financial institutions. An investment tax credit equal to 75 percent of the contribution made to the CDFA during the contributor's tax year is allowed against certain taxes imposed by the state. In accordance with RSA 162-L:10, the total credits allowed shall not exceed \$5.0 million in any state fiscal year. The CDFA has a fiscal year end of December 31.

**New Hampshire Retirement System (Pension Trust Fund)** - The New Hampshire Retirement System (System) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection to its members, which include full-time employees of the state and substantially all school teachers, firefighters, and police officers within the state. Full-time employees of political subdivisions may participate if their governing body elects to participate.

The System is administered by a thirteen member board of Trustees on which the state does not represent a voting majority. The Board is fiduciarily responsible for the trust fund's assets and directs the investment of the pension assets, reviews actuarial assumptions and valuations from which the employer contribution rates are certified by the board, and generally supervises the operations of the System.

The System is deemed to be fiscally dependent on the state because the employee member contribution rates are set through state statute, and the state has budget approval authority over the administrative costs of the System.

**Pease Development Authority (Proprietary Fund Type)** - The Pease Development Authority (PDA) is a body corporate and politic with a governing body of seven members. Four members are appointed by the state and three members are appointed by the city of Portsmouth and the town of Newington. The state has made several loans to the PDA.

Pursuant to Chapter 290 Laws of 2001, the New Hampshire State Port Authority, a department of the primary state government, was transferred to the PDA. This reorganization is effective July 1, 2001 and will be reflected in the fiscal year 2002 annual financial report.

**University System of New Hampshire (College and University Funds)** - The University System of New Hampshire (University System) is a body corporate and politic with a governing board of twenty-five members. A voting majority is held by the state through the eleven members appointed by the Governor and Executive Council and three state officials serving as required by law. These state officials are the Governor, the Commissioner of the Department of Education, and the Commissioner of the Department of Agriculture. The remaining board members represent the university and colleges of the system, the alumni, and the student body. The University System funds its operations through tuition and fees, government grants and contracts, auxiliary operations, and state appropriations. These state appropriations for operations and capital projects represented 15.8% of the total University System's revenue for fiscal year 2001.

During 2001, USNH adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and applied this standard on a retroactive basis.

The provisions of GASB 33 have been applied to the years presented. Following is a reconciliation of the June 30, 2000 fund balances previously reported, to the restated fund balances for the same periods:

Restricted Current Fund Balances, at June 30, as previously reported	\$17,979
Deferred Revenue Adjustments	(2,953)
Restricted Current Fund Balances, at June 30, as restated	<u>\$15,026</u>

#### Related Organizations:

The state is responsible for appointing voting members to the governing boards of the following legally separate organizations, but the state's financial accountability for these organizations does not extend beyond making the appointments. Therefore, the financial data of these entities are excluded from the state's financial statements. Those organizations are:

- Maine - New Hampshire Interstate Bridge Authority
- New Hampshire Health and Education Facilities Authority
- New Hampshire Housing Finance Authority
- New Hampshire Municipal Bond Bank

## B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accompanying financial statements of the state's primary government are presented in three fund categories and two account groups. The fund categories are governmental, proprietary, and fiduciary. Within the three categories are five fund types. Each fund type is divided into separate funds. Account groups are presented for general fixed assets and general long-term debt.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial

management by segregating transactions related to certain government functions or activities.

#### Governmental Fund Types:

**General Fund:** The General Fund accounts for all financial transactions not accounted for in any other fund.

**Special Revenue Funds:** The special revenue funds (Highway Fund, Fish and Game Fund, Special Fund, and the Education Trust Fund) are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. In fiscal year 2000, the Education Trust Fund was created in accordance with Chapter 17:41, Laws of 1999. The fund is nonlapsing and is used to distribute adequate education grants to school districts.

**Capital Projects Fund:** The Capital Fund is used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of state bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

#### Proprietary Fund Type

**Enterprise Funds:** The state's enterprise funds were established to account for the self-supporting activities of state governmental units that render services on a user-charge basis to the general public. These funds account for the activities of the Turnpike System, the Liquor Commission, and the Sweepstakes Commission.

#### Fiduciary Fund Type:

**Trust and Agency Funds:** Transactions related to assets held by the state in a trustee or agency capacity are accounted for in the fiduciary fund category. The trust and agency fund type comprises expendable trust funds, nonexpendable trust funds, an investment trust fund, and agency funds. All assets of an expendable trust fund can be expended to achieve the purpose for which it was established. The principal of the nonexpendable trust funds is held in perpetuity, whereas the earnings on the principal are used to support the fund's purpose. Agency funds account for assets received by the state as an agent for other governmental units, other organizations, or individuals.

#### Account Groups:

**General Fixed Assets:** The General Fixed Asset Account Group is used to account for the fixed assets of the governmental funds. Fixed assets of the proprietary funds and the discretely presented component units are accounted for in their respective funds.

**General Long-Term Debt:** Activities related to governmental fund unmatured long-term general obligation bonds payable and the cumulative long-term liabilities for compensated absences and uninsured claims are reflected in the General Long-Term Debt Account Group.

## C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted

for using the flow of current financial resources measurement focus and reported on a modified accrual basis of accounting. With this measurement focus, unreserved fund balance generally reflects net current assets. Operating statements of these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues and assets are recognized when measurable and available, which means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures and liabilities are recognized as obligations when incurred as a result of a receipt of goods or services, except that interest on long-term debt is recognized as an expenditure as it becomes payable.

Agency Fund assets and liabilities are recorded on the modified accrual basis.

All proprietary funds, nonexpendable trust funds and investment trust funds are accounted for on a flow of economic resources measurement focus and reported on the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The presentation of the underlying fund types and basis of presentation of the individual component units reported in the discrete column is available from each respective component unit's separately issued financial statements.

In reporting the financial activity of its proprietary funds, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The presentation of the component units is not meant to be a consolidation within the state reporting entity as transactions within the entity such as fixed assets and long-term debt have not been reported in the applicable state account group. However, appropriations to the component units are recorded as operating transfers out of the General and Capital Funds and as operating transfers into the component unit organization.

## D. CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash equivalents represent short-term investments with original maturities less than three months from the date acquired by the state.

## E. INVESTMENTS

Investments are reported at fair value except for investments of the investment trust fund which are reported at net amortized cost because it qualifies as a 2a7-like pool.

## F. RECEIVABLES

Receivables in the governmental fund types consist primarily of accrued taxes and federal grants receivable. Taxes receivable are primarily taxpayer-assessed revenues representing amounts owed by the taxpayers for the period ended June 30 which are received by the state shortly thereafter. These revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting. Federal grant receivables are amounts due from the federal government to reimburse the state for expenditures incurred pursuant to federally funded programs.

## G. INVENTORIES

Inventories for materials and supplies are determined by physical count. The Sweepstakes game tickets are stated at the lower of cost (first-in, first-out method) or market. All other inventories in the governmental and proprietary funds are stated at average cost.

Governmental fund inventories are recorded under the purchase method. Reported inventory balances in the governmental funds are offset by a fund balance reserve that indicates they do not constitute "available expendable resources" even though they are part of net current assets.

## H. RESTRICTED ASSETS

Chapter 122 of the Laws of 1994 established the Health Care Fund (HCF). The restricted investments in the General Fund are the assets restricted for the HCF purpose (see Note 1-M: Fund Equity).

The proceeds of Turnpike System revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets.

## I. FIXED ASSETS

**Fixed Assets - Governmental Funds:** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. For financial reporting purposes, the state capitalizes equipment that costs \$10,000 or more and land, land improvements, building, building improvements, and construction in progress with costs of \$100,000 or greater. All purchased fixed assets are recorded at historical cost and in some instances at estimated historical cost. Donated fixed assets are recorded at their estimated fair value on the date received. Interest costs incurred during construction are not capitalized. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, dams, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the state. Assets in the General Fixed Assets Account Group are not depreciated.

**Fixed Assets - Enterprise Funds:** Fixed assets related to the enterprise funds are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date received. Depreciation is computed using the straight-line method over the fixed assets' estimated useful lives which are as follows:

Infrastructure - 50 years; Buildings - 20 to 40 years; Land Improvements - 20 years; Building Improvements - term of lease; and Equipment - 3 to 10 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related fixed asset, as applicable.

Fixed assets purchased or constructed by other funding sources are recorded at cost and offset by an increase to "Contributions from Other Funds" or "Contributed Capital (Net of Amortization)".

## J. DEFERRED REVENUE

Deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. The deferred revenue in the governmental fund types has primarily resulted as an offset to long-term loans receivable and federal funds received in advance of eligible expenditures.

## K. COMPENSATED ABSENCES

All full-time state employees in classified service earn annual and sick leave. At the end of each fiscal year, additional leave (bonus days) may be awarded based on the amount of sick leave taken during the year. Accrued compensatory time, earned for overtime worked, must be taken within one year.

The state's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 30 to 48 days based on years of service. The accrual for sick leave is made to the extent it's probable that the benefits will result in termination payments rather than be taken as absences due to illness. The liability for compensated absences is recorded in the General Long Term Debt Account Group, as it will not be paid from expendable available resources.

## L. ENCUMBRANCES

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services, the encumbrance is liquidated and the expenditure and liability are recorded. Unliquidated encumbrances are reported in the Reserved for Encumbrances account as a component of fund equity for the governmental fund types.

## M. FUND EQUITY

Contributed capital is recorded in the proprietary funds that have received capital grants, contributions from the public or working capital transfers from other funds.

Fund balances for all governmental funds are either reserved or unreserved. Reserved fund balances reflect either 1) assets which, by their nature, are not available for appropriations (Reserve for Inventories) or 2) funds legally segregated for a specific future use (Reserve for Encumbrances). Certain reserve accounts are further described below:

**Reserved for Unexpended Appropriations:** This account represents amounts of unexpended appropriations legally carried forward and available for encumbrances and expenditures in the succeeding year.

**Reserved for Revenue Stabilization:** RSA 9:13-e established the Revenue Stabilization account for the purpose of deficit reduction. As amended by Chapter 158:41, Laws of 2001, at the close of each fiscal biennium, any General Fund undesignated fund balance, remaining after Education Trust Fund transfer, is distributed to the Revenue Stabilization account. The maximum balance that may accumulate in the account is limited to 10% of the General Fund unrestricted revenue. The account may not be used for any other purpose without specific approval by two-thirds of each house of the Legislature and the Governor.

In the event of a General Fund undesignated fund balance deficit at the close of a fiscal biennium, a transfer from the Reserved for Revenue Stabilization account may be made only if the General Fund's unrestricted revenues are less than budgeted. The amount of the transfer is limited to the smaller of the General Fund undesignated fund balance deficit or the unrestricted revenue shortfall.

Chapter 158:42 Laws of 2001 further modified year-end transfers from the General Fund. In the event of an Education Trust Fund budget deficit at the close of the fiscal biennium ending June 30, 2001, upon approval, the Comptroller shall transfer funds to the extent available to eliminate such deficit. At the close of fiscal year 2001, a total of \$48.1 million was transferred to the Education Trust Fund and the balance of \$35.2 million was transferred to the Revenue Stabilization Account.

**Reserved for Health Care Fund:** RSA 167:70 established the Health Care Fund for the purpose of providing financial resources for future changes in the state's health care system in order to increase access to quality health care for the citizens of New Hampshire. In 1994, a portion of net Medicaid enhancement revenues, received as a result of an amendment to the state's Medicaid plan relative to the New Hampshire Hospital disproportionate share revenues, was set aside to establish the initial fund balance. The maximum balance that may accumulate in the Health Care Fund is \$100 million. At the end of any fiscal biennium, all principal assets in the fund in excess of \$100 million will be transferred to the Reserved for Revenue Stabilization account.

Further legislation provided for the transfers from the Health Care Fund that resulted from shortfalls in specific Health and Human Services revenue enhancements. The transfers were limited to the smaller of the General Fund undesignated fund balance deficit or the calculated revenue shortfall. In the event that net Medicaid enhancement revenues exceed amounts budgeted, the excess shall be transferred back to the Health Care Fund. The amount transferred to the Health Care Fund shall not exceed the cumulative amount transferred from the Fund. All transfers from the Health Care Fund require the prior approval of the Legislative Fiscal Committee.

## N. CAPITAL OUTLAYS

Capital Outlays represent equipment purchases for all funds. In addition to equipment purchases, the Highway Fund's



capital outlays represent expenditures for the 10-year state highway construction program.

#### O. BOND DISCOUNTS, PREMIUMS, AND ISSUANCE COSTS

In governmental fund types, bond discounts, premiums, and issuance costs are recognized in the period the bond proceeds are received. Bond discounts/premiums and issuance costs for the proprietary fund type are deferred and amortized over the term of the bonds.

#### P. INTRAENTITY TRANSACTIONS

The state accounts for intraentity transactions as described below:

**Operating Transfers** - Legally required transfers are reported when incurred as "Operating Transfers In" by the receiving fund and as "Operating Transfers Out" by the disbursing fund. Legally required transfers between the primary government and its component units are reported as "Operating Transfers from (to) Primary Government" and "Operating Transfers (to) from Component Units."

**Reimbursements** - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel, and maintenance and telecommunications. These transactions, when material, have been eliminated.

#### Q. CAPITAL PROJECTS

The state records the resources obtained and used for the acquisition, construction, or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund. Encumbrances are recorded when contracts are executed. Expenditures are recorded when incurred and encumbrances are liquidated at that time.

Resources obtained to finance capital projects include federal grants and general obligation bonds. General obligation bonds are recorded as liabilities in the General Long-Term Debt Account Group and as other financing sources in the funds that receive the proceeds.

#### R. MEANING OF "TOTALS (MEMORANDUM ONLY)" COLUMNS

The "totals - memorandum only" columns represent an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information, since interfund balances and transactions have not been eliminated.

#### S. BUDGET CONTROL AND REPORTING

The Statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues. There is no constitutional or statutory requirement that the Governor propose or the Legislature adopt a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the

government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental and proprietary funds, with the exception of the Capital Projects Fund. The Capital Projects Fund budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the budget and actual comparisons statement. Fiduciary funds are not budgeted.

In addition to the enacted biennial operating budget, the Governor may submit to the Legislature supplemental budget requests necessary to meet expenditures during the current biennium. During the 2001 Legislative session, an additional \$2 million was appropriated to supplement the budget for the Department of Education's Building Aid program. Appropriation transfers can be made within a department without the approval of the Legislature; therefore, the legal level of budgetary control is at the departmental level.

Additional fiscal control procedures are maintained by both the Executive and Legislative Branches of government. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of the Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or legally defined as nonlapsing, which means the balances are reported as reservation of fund balance. Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

#### T. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### U. CHANGES IN REPORTING STANDARDS

In fiscal year 2001, the state implemented Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The overall financial impact on operations of implementing GASB No. 33 was immaterial.

The Governmental Accounting Standards Board has issued Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 35 *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; Statement No. 37 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*;

and Statement No. 38 *Certain Financial Statement Note Disclosures*. These reporting standards will result in new financial statements as well as changes to certain existing financial statement formats. In addition, fund equity reporting will be affected, and certain financial statement footnotes will be added or expanded. The state will implement these standards for the fiscal year ending June 30, 2002. Due to the significance of these changes it is not possible to present proforma data prior to implementing the standards.

## 2. RECONCILIATION OF BUDGETARY TO GAAP

The State's biennial budget is prepared on a basis other than GAAP. The "actual" results columns of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis are presented on a "budgetary basis" to provide a meaningful comparison to the budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures are recorded when cash is paid or committed (budgetary), rather than when the obligation is incurred (GAAP). In addition, revenue based on these accruals is adjusted on a GAAP basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the General and Special Revenue Funds of the primary government for differences between budgetary accounting methods and GAAP basis accounting principles for the year ended June 30, 2001 (expressed in thousands):

	General Fund	Special Revenue Funds
<b>Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (Budgetary Basis).....</b>	\$ 78,434	\$ (92,103)
<b>Adjustments and Reclassifications:</b>		
To record Accounts Payable and Accrued Payroll .....	(9,800)	116
To record Accounts Receivable and Deferred Revenue .....	(6,239)	(16,165)
To adjust for encumbrances and the net change in appropriation related balances .....	5,218	(11,898)
To record Other Financing Sources (Uses) .....	(48,442)	48,065
<b>Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP Basis) .....</b>	\$ 19,171	\$ (71,985)

## 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

### PRIMARY GOVERNMENT

The state pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash

and investments and restricted assets is included on the combined balance sheet under the captions "Cash and Cash Equivalents" and "Investments".

**Deposits:** The following statutory requirements and Treasury Department policies have been adopted to minimize risk associated with deposits.

RSA 6:7 establishes the policy the state Treasurer must adhere to when depositing public monies. The statute restricts deposits to national banks, trust companies, and savings banks within the United States that have a branch in the state of New Hampshire. In addition, all depositories used by the state must be approved at least annually by the Governor and Executive Council.

RSA Chapter 6-B:2 requires the state Treasurer to submit quarterly financial reports to the Governor and Executive Council, the Commissioner of Administrative Services, and the Legislative Fiscal Committee.

The Treasury Department examines the financial condition of its depositories quarterly. The state Treasurer is not required to collateralize bank deposits. Nevertheless, during fiscal year 2001, the Treasury Department collateralized deposits at two of its major depositories.

**Investments:** The following statutory requirements and Treasury Department policies have been adopted to ensure reasonable rates of return on investments while minimizing risk factors.

RSA Chapter 6:8 sets the policies the state Treasurer must adhere to when investing state funds. Subject to Governor and Council approval, the Treasurer must invest in certain types of investments. Those investments include obligations of the United States government or local governments within New Hampshire, savings accounts and legal investments for savings banks and trust companies, participation units in the public deposit investment pool, and certificates of deposit of state or federally chartered banks within New Hampshire or national banks in Massachusetts.

The financial condition of each bank in which or through which investments are made is evaluated by the Treasury Department on a quarterly basis. Banks through which repurchase agreements are written maintain their collateral in an investment book entry account with the Federal Reserve. That collateral is not separate from the banks' assets. However, securities used for collateral are segregated from the banks' investment accounts and are kept free of liens, charges, or claims of third parties. Repurchase agreements represent 12.5% of the State's investment portfolio at June 30, 2001. The state Treasurer is prohibited by statute from entering into reverse repurchase agreements.

Some United States Government Obligations are classified as cash and cash equivalents on the balance sheet because their original maturities are less than three months. For purposes of the notes to the financial statements, United States Government Obligations are categorized as investments in accordance with GAAP.

The balances of the State's deposit accounts at June 30, 2001, listed by custody risk category, are shown in the following schedule. The total bank balance represents the total amounts on deposit as reported by the banks. The carrying amount represents the balances on the State's records. The principal difference in demand deposits is outstanding checks which have not cleared the bank as of June 30, 2001 (expressed in thousands):

	Categories			Total Bank Balance	Carrying Amount
	1	2	3		
<b>Pooled Deposits:</b>					
Demand Deposits (Interest Bearing)	\$ 1,241	\$ 4,326	\$ 73,541	\$ 79,108	\$ 9,353
Money Market Accounts .....	244		966	1,210	1,210
Savings Accounts .....	156		4,168	4,324	4,324
Certificates of Deposit .....	35		101	136	136
Subtotal .....	1,676	4,326	78,776	84,778	15,023
<b>Restricted Deposits:</b>					
Demand Deposits .....			8,532	8,532	8,532
Money Market Accounts .....			2,733	2,733	2,733
Certificates of Deposit .....	31		5,000	5,031	5,000
Subtotal .....	31		16,265	16,296	16,265
<b>Total Deposits .....</b>	<b>\$ 1,707</b>	<b>\$ 4,326</b>	<b>\$ 95,041</b>	<b>\$ 101,074</b>	<b>\$ 31,288</b>

Category 1 Fully insured or collateralized with securities held by the state or its agent in the State's name.  
Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the State's name.  
Category 3 Uncollateralized.

In accordance with GAAP, investments are classified as to custody risk by the three categories described below (expressed in thousands):

	Categories			Fair Value
	1	2	3	
<b>Pooled Investments:</b>				
NH Public Deposit Investment Pool ...			\$ 358,391	\$ 358,391
Stocks and Bonds .....			9,331	9,331
Repurchase Agreements .....			122,656	122,656
United States Government Obligations .	\$ 24,832		2,274	27,106
Subtotal .....	24,832	\$ -0-	492,652	517,484
<b>Restricted Investments:</b>				
NH Public Deposit Investment Pool ...			54,824	54,824
Repurchase Agreements .....			37,465	37,465
United States Government Obligations	40,278			40,278
Subtotal .....	\$ 40,278	\$ -0-	\$ 92,289	132,567
<b>Uncategorized:</b>				
United States Government Obligations (funds on deposit in the Federal Unemployment Trust Fund) .....				339,632
Open-ended Mutual Funds .....				286,540
Bond Anticipation Notes Held for Cheshire County. ....				450
Subtotal .....				626,622
<b>Total Investments .....</b>				<b>\$ 1,276,673</b>

Category 1 Insured or registered in the State's name, or securities held by the state or its agent in the State's name.  
Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.  
Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

The following is a reconciliation of cash and investments to the combined balance sheet at June 30, 2001 (expressed in thousands):

**Per the Combined Balance Sheet:**

**Per Note 3 Classifications:**

<b>Unrestricted:</b>			
Cash and Cash Equivalents .....	\$ 317,686	Cash on Hand .....	\$ 6,459
Investments .....	873,404	Carrying Amount of Deposits .....	31,288
<b>Restricted:</b>		Investments at Fair Value .....	918,282
Cash and Cash Equivalents .....	2,184	Investments at Amortized Cost .....	358,391
Investments .....	121,146		
<b>Total .....</b>	<b>\$ 1,314,420</b>	<b>Total .....</b>	<b>\$ 1,314,420</b>

## COMPONENT UNITS

## Levels of Risk of Cash and Cash Equivalents (expressed in thousands):

	Categories			Total Bank Balance	Carrying Amount
	1	2	3		
Deposits:					
Demand Deposits (Interest Bearing) .....	\$ 400		\$ 16,072	\$ 16,472	\$ 7,798
Money Market Fund .....			9,666	9,666	9,666
Subtotal .....	400	\$ -0-	25,738	26,138	17,464
Restricted Deposits:					
Demand Deposits (Interest Bearing) .....	5,446		3,894	9,340	9,180
Total Deposits .....	\$ 5,846	\$ -0-	\$ 29,632	\$ 35,478	\$ 26,644

Category 1 Fully insured or collateralized with securities held by the state or its agent in the State's name.  
Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the State's name.  
Category 3 Uncollateralized.

## Levels of Risk of Investments (expressed in thousands):

	Categories			Fair Value
	1	2	3	
Investments:				
Repurchase Agreements .....			\$ 28,055	\$ 28,055
Stocks and Bonds .....	\$ 2,792,975		245,581	3,038,556
United States Government Obligations .....	567,258			567,258
Subtotal .....	3,360,233	\$ -0-	273,636	3,633,869
Restricted Investments:				
United States Government Obligations .....	4,607			4,607
Uncategorized: .....				1,506,903
Total Investments .....	\$ 3,364,840	\$ -0-	\$ 273,636	\$ 5,145,379

Category 1 Insured or registered in the State's name, or securities held by the state or its agent in the State's name.  
Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.  
Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

The following is a reconciliation of cash and investments to the combined balance sheet at June 30, 2001 (expressed in thousands):

Per the Combined Balance Sheet:		Per Note 3 Classifications:	
Unrestricted:			
Cash and Cash Equivalents.....	\$ 512,876	Carrying Amount of Deposits .....	\$ 26,644
Investments .....	4,640,935	Investments .....	5,145,379
Restricted:			
Cash and Cash Equivalents .....	13,787		
Investments .....	4,425		
Total .....	\$ 5,172,023	Total .....	\$ 5,172,023

#### 4. RECEIVABLES

##### Accounts Receivable:

The following is a breakdown of receivables at June 30, 2001 (expressed in thousands):

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	COMPONENT UNITS
	General Fund	Special Revenue Funds	Capital Projects Fund	Enterprise Funds	Trust and Agency	
<b>Taxes:</b>						
Meals and Rooms .....	\$ 15,249	\$ 563				
Business Taxes .....	64,958	2,168				
Tobacco .....	3,750	2,796				
Estate and Legacy .....	19,330					
Real Estate Transfer .....	5,593					
Interest and Dividends .....	7,135					
Communications .....	5,042					
Utility Property Tax .....		9,300				
Gasoline Road Toll .....		10,677				
Beer .....				\$ 1,191		
Sub Total .....	121,057	25,504		1,191		
<b>Other Receivables:</b>						
Enterprise Funds .....				13,343		
Unemployment Trust Fund .....					\$ 7,086	
Investment Trust Fund .....					958	
Board and Care .....	690					
Federal Grants .....	19,334	97,585	\$ 3,806			\$ 13,752
Local Grants .....	10,400	26,399				
Intergovernmental Receivables .....						1,676
Interest and Dividends .....						18,538
Contributions .....						23,907
Tuition .....						6,531
Miscellaneous .....	7,018	7,523	2,194			54,410
Total .....	\$ 158,499	\$ 157,011	\$ 6,000	\$ 14,534	\$ 8,044	\$ 118,814

##### Loans and Notes Receivable:

**Primary Government:** As of June 30, 2001, total water pollution control loans outstanding in the Special Fund amounted to \$165.9 million and were offset by a corresponding amount of deferred revenue. The state Water Pollution Control Revolving Loan Fund ("State Revolving Fund"), established by RSA 486:14, provides loans and other assistance to local communities for financing waste water treatment facilities. The State Revolving Fund was authorized through the Federal Clean Water Act of 1988 and was initially funded through a federal capitalization grant program to states which requires state matching funds equal to 20% of the capitalization grant funding. All loan agreements executed under the State Revolving Fund follow federal requirements and require approval from the Governor and Executive Council. Principal and interest payments on the loans will occur over a period not to exceed 20 years and will be credited directly to the State Revolving Fund, enabling the fund balance to be available in perpetuity.

**Component Units:** The component units balance of \$23.8 million is University System of New Hampshire Perkins Loans and other college and university loans of \$21.3 million, Business Finance Authority loan repurchase agreements of \$1.9 million and Community Development Finance Authority loans to regional non profit economic development organizations of \$.6 million.

##### Restricted Receivables:

**Component Units:** The \$14.1 million balance is made up of \$8.7 million of Pease Development Authority leases receivable, and \$5.4 million of Community Development Finance Authority pledges receivable.

**5. FIXED ASSETS**

The following is a summary of fixed assets at June 30, 2001 (expressed in thousands):

	PRIMARY GOVERNMENT		COMPONENT UNITS
	Enterprise Funds	General Fixed Assets Account Group	
Land and Land Improvements .....	\$ 91,768	\$ 184,769	\$ 9,018
Buildings and Building Improvements .....	19,423	441,832	642,448
Equipment .....	23,311	117,078	98,047
Construction in Progress .....	61,009	34,515	38,094
Infrastructure .....	477,312		
Subtotal .....	672,823	778,194	787,607
Less: Accumulated Depreciation .....	(154,086)		(342,110)
Total .....	\$ 518,737	\$ 778,194	\$ 445,497

**General Fixed Assets Account Group:**

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year (expressed in thousands):

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land and Land Improvements .....	\$ 181,807	\$ 3,155	\$ (193)	\$ 184,769
Buildings and Building Improvements .....	423,689	21,899	(3,756)	441,832
Construction in Progress .....	38,282	4,573	(8,340)	34,515
Equipment .....	109,506	19,508	(11,936)	117,078
Total .....	\$ 753,284	\$ 49,135	\$ (24,225)	\$ 778,194

In accordance with GAAP, interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. In fiscal year 2001, net interest cost capitalized in the Turnpike System Enterprise Fund amounted to \$ .7 million.

**6. LONG-TERM DEBT****PRIMARY GOVERNMENT**

**Bonds Authorized and Unissued:** Bonds authorized and unissued amounted to \$242.3 million at June 30, 2001. The proceeds of the bonds will be applied to the following funds when issued (expressed in thousands):

Capital Projects Fund .....	\$ 106,615
Turnpike System .....	135,650
Total .....	\$ 242,265

**Turnpike System:** The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Governor and Executive Council to issue up to \$586 million of revenue bonds to support this project. The state has issued \$395 million of revenue bonds for this project.

**Advance Refunding:** The following is a summary of general obligation bonds and revenue bonds defeased by the primary government. The proceeds from each advance refunding issue were placed in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements (expressed in thousands):

Date of Advance Refunding	Amount Outstanding at June 30, 2001
<b>Governmental Fund Types (General Obligation Bonds):</b>	
December 1, 1998 .....	\$ 63,235
December 19, 1996 .....	29,175
April 15, 1993 .....	24,250
Subtotal .....	116,660
<b>Turnpike System (Revenue Bonds):</b>	
January 20, 1994 .....	27,000
Total .....	\$ 143,660

**Changes in Long-Term Liabilities:** The following is a summary of the changes in the long-term liabilities for bonds, compensated absences, and uninsured claims as reported by the primary government during the fiscal year (expressed in thousands):

	Balance July 1, 2000	Accretion	Increases	Decreases	Balance June 30, 2001
<b>General Long-Term Debt Account Group</b>					
General Obligation Bonds .....	\$ 561,696	\$ 10,218	\$ 90,000	\$ 59,729	\$ 602,185
Bond Anticipated Notes Refinanced .....			50,000		50,000
Compensated Absences .....	54,129		902		55,031
Uninsured Claims .....	10,286		4,656		14,942
Capital Leases .....	11,669			4,383	7,286
Legal Contingency (See Note 15) .....	3,000		2,000		5,000
Total .....	\$ 640,780	\$ 10,218	\$ 147,558	\$ 64,112	\$ 734,444
<b>Enterprise Funds</b>					
General Obligation Bonds .....	\$ 30,414			\$ 4,193	\$ 26,221
Revenue Bonds .....	338,092			6,612	331,480
Compensated Absences .....	3,733		\$ 343		4,076
Total .....	\$ 372,239		\$ 343	\$ 10,805	\$ 361,777

On December 1, 2000, the state issued \$90 million of general obligation capital improvement bonds. The interest rates on these serial bonds range from 4.125% to 5.25%, and the maturity dates range from 2001 through 2020. A portion of the proceeds from this issue was used to pay off \$50 million of short-term notes which were outstanding at June 30, 2000.

**Capital Appreciation Bonds:** Six of the state's general obligation capital improvement bonds issued since November 1990 represent capital appreciation bonds (College Savings Bond Program) with interest being accrued and compounded semiannually in the General Long-Term Debt Account Group. At June 30, 2001, the cumulative interest accretion since issuance for all six capital appreciation bonds is approximately \$95.2

million. The interest is not paid until the bonds mature, at which time the expenditure will be recorded.

**Debt Maturity:** All bonds issued by the state, except for the \$395 million in Turnpike revenue bonds, are general obligation bonds, which are backed by the full faith and credit of the state. Interest rates on these issues range from 2.7% to 8.5%. Debt service payments on "self-liquidating" debt are funded by reimbursements from component units for debt issued by the state on their behalf and through user fees and other revenues statutorily earmarked to fund debt service payments on specific projects. The anticipated source of repayment and annual maturities are as follows (expressed in thousands):

Payable June 30,	SOURCE OF PRINCIPAL PAYMENTS						TOTAL DEBT SERVICE		
	GOVERNMENTAL FUNDS				ENTERPRISE FUND Turnpike System		ALL FUNDS		
	General Fund	Highway Fund	Self Liquidating	Total	General Obligation	Revenue	Principal	Interest	Total
2002 .....	\$ 49,999	\$ 3,333	\$ 6,645	\$ 59,977	\$ 4,036	\$ 9,335	\$ 73,348	\$ 40,012	\$ 113,360
2003 .....	51,228	3,543	6,504	61,275	4,016	7,765	73,056	37,224	110,280
2004 .....	51,197	3,327	5,978	60,502	3,975	9,675	74,152	34,754	108,906
2005 .....	47,963	3,269	5,892	57,124	3,709	10,295	71,128	32,535	103,663
2006 .....	44,110	3,275	5,906	53,291	3,671	10,765	67,727	29,887	97,614
Thereafter .....	308,099	22,514	42,277	372,890	6,814	288,185	667,889	217,359	885,248
Subtotal .....	552,596	39,261	73,202	665,059	26,221	336,020	1,027,300	391,771	1,419,071
Unamortized Discount .....	(53,750)	(5,668)	(3,456)	(62,874)		(4,540)	(67,414)		(67,414)
Total .....	\$ 498,846	\$ 33,593	\$ 69,746	\$ 602,185	\$ 26,221	\$ 331,480	\$ 959,886	\$ 391,771	\$1,351,657

Turnpike System principal debt service includes general obligation principal debt service of \$26.2 million, serial revenue bond principal debt service of \$96.1 million, and term revenue bond principal debt service of \$239.9 million. Actual principal paid to bond holders by the bond registrar is different from the above debt service schedule the state Treasurer is required to pay to the bond registrar because a portion of the Turnpike System revenue bonds is composed of term bonds versus serial bonds. For term bonds, the state Treasurer is required to pay the bond registrar the annual principal debt service, but the bond registrar is not required to pay principal to the bond holders until the single date of maturity.

**Bond Anticipation Notes:** The state had \$50 million of bond anticipation notes outstanding at June 30, 2001. These notes were refinanced on a long-term basis with the \$100 million November 2001 general obligation bond issue, and are therefore reported as long-term debt.

## COMPONENT UNITS

**Changes in Long-Term Liabilities:** The following is a summary of the changes in the long-term liabilities as reported by the component units during the fiscal year (expressed in thousands):

	Balance July 1, 2000	Increases	Decreases	Balance June 30, 2001
Business Finance Authority .....	\$ 20,663		\$ 989	\$ 19,674
University System of NH .....	153,505	\$ 162,818	50,009	266,314
Total .....	\$ 174,168	\$ 162,818	\$ 50,998	285,988

The University System of New Hampshire's long-term liabilities include accrued employee benefits and compensated absences of \$70 million.

**Debt Maturity:** The following is a summary of the annual principal payments and total debt service relating to the long-term debt of the component units (expressed in thousands):

Payable June 30,	PRINCIPAL PAYMENTS		TOTAL DEBT SERVICE		
	Business Finance Authority	University System of N.H.	Principal	Interest	Total
2002 .....	\$ 1,100	\$ 1,673	\$ 2,773	\$ 10,164	\$ 12,937
2003 .....	1,300	1,742	3,042	10,486	13,528
2004 .....	1,300	2,763	4,063	10,196	14,259
2005 .....	1,300	4,868	6,168	10,031	16,199
2006 .....	1,300	4,876	6,176	9,623	15,799
Thereafter .....	13,500	181,387	194,887	12,868	207,755
Subtotal .....	19,800	197,309	217,109	63,368	280,477
Unamortized Discount .....	(126)	(1,277)	(1,403)		(1,403)
Total .....	\$ 19,674	\$ 196,032	\$ 215,706	\$ 63,368	\$ 279,074

## 7. RISK MANAGEMENT AND INSURANCE

The state is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The state primarily retains the risk of loss except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial for the general public. There are approximately 30 such commercial insurance programs in effect, which include fleet automobile liability, ski area liability for Cannon Mountain, and a faithful performance position schedule bond. Settled claims under these insurance programs have not exceeded commercial insurance coverage in any of the last three years. Claim liabilities not covered by

commercial insurance are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At June 30, 2001, the amount of liabilities not covered by commercial insurance was approximately \$17.2 million related to worker's compensation claims. This liability is the State's best estimate based on available information. In the governmental funds, the total liability is approximately \$16.0 million. Of this liability, \$1.1 million has been determined to be payable with expendable available financial resources and recorded as accounts payable in the governmental funds. The remaining \$14.9 million long-term liability has been recorded in the General Long-Term Debt Account Group. The total liability recorded in the enterprise funds amounted to approximately \$1.2 million at June 30, 2001.

The following table presents the changes in worker's compensation claim liabilities (short- and long-term combined) during the fiscal years ending June 30, 2000, and June 30, 2001:

Changes in Claim Liabilities (expressed in thousands)				
Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Paid	Ending Balance
2000	\$ 11,235	\$ 6,042	\$ 5,144	\$ 12,133
2001	12,133	10,651	5,552	17,232



**8. INTERFUND RECEIVABLES AND PAYABLES**

Due From or To Other Funds in the primary government consist of the following as of June 30, 2001 (expressed in thousands):

RECEIVABLES	AMOUNT	PAYABLES	AMOUNT
General Fund.....	\$ 7,622	Liquor Commission.....	\$ 903
		Education Fund.....	6,719
Education Fund.....	1,192	Sweepstakes Commission.....	1,192
Special Fund.....	9,833	General.....	9,833
Total.....	\$ 18,647	Total.....	\$ 18,647

**Due from Component Units:** As of June 30, 2001, the cumulative balance of outstanding loans plus accrued interest to the Pease Development Authority (PDA) amounted to \$45.9 million. The balance has been offset by a corresponding amount of deferred revenue in the General Fund.

The state has issued general obligation bonds to finance certain capital projects for the University System of New Hampshire (University System). As of June 30, 2001, the outstanding balance of these bonds was \$7.4 million. The state is reimbursed for the debt service payments from the University System as the payments are due. This receivable is classified as "Due from Component Units" and "Deferred Revenue" in the State's General Fund for financial reporting purposes.

**9. UNDESIGNATED FUND BALANCE (DEFICIT) and CONTRACTUAL COMMITMENTS**

**Highway Fund:** The Highway Fund unreserved, undesignated deficit was \$26.4 million as of June 30, 2001. The deficit exists primarily because certain multi-year Highway infrastructure construction projects are appropriated from current year fund balance.

**Capital Projects Fund:** The June 30, 2001, unreserved, undesignated deficit of the Capital Projects Fund was \$54.9 million. The Capital Projects Fund accounts for multi-year capital projects which will be primarily financed by bond proceeds. The project costs are appropriated when the project is approved. Bonds are issued as the expenditures are expected to be incurred. As of June 30, 2001, bonds authorized and unissued for the Capital Projects Fund amounted to \$106.6 million.

**Contractual Commitments:** The state has estimated its share of contractual obligations for construction contracts to be \$35.1 million at June 30, 2001. This represents total obligations of \$167.2 million less \$132.1 million in estimated federal aid.

**10. CONTRIBUTED CAPITAL and CONTRIBUTIONS FROM OTHER FUNDS**

The state records the costs associated with projects of the Turnpike System, where the federal government or other non-Turnpike System sources have provided funding, as increases in fixed assets (e.g., land, construction in progress, and infrastructure) and as contributed capital under fund equity on the Turnpike System balance sheet. In accordance with GAAP, the depreciation of the costs of such projects is charged to contributed capital.

The following schedule shows the change in contributed capital during fiscal year 2001 (expressed in thousands):

Net Contributed Capital at July 1, 2000 .....	\$ 35,425
Activity during Fiscal Year 2001:	
Federal Government .....	(2)
Highway Fund .....	(1)
Less: Depreciation.....	(833)
Net Contributed Capital at June 30, 2001 .....	\$ 34,589

The change in contributions from other funds represents an increase in net fixed assets from the Liquor Commission in the amount shown below (expressed in thousands):

Contributions from Other Funds at July 1, 2000 .....	\$ 14,410
Net Increase in Fixed Assets .....	135
Contributions from Other Funds at June 30, 2001 ..	\$ 14,545

## 11. EMPLOYEE BENEFIT PLANS

### NEW HAMPSHIRE RETIREMENT SYSTEM

**Plan Description:** The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employee Retirement System (The Plan) established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. The Plan is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and police officers within the state of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The Plan is divided into two membership groups. Group I consists of state and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to all members.

Group I members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is  $1/60$  (1.67%) of average final compensation multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at  $1/66$  (1.5%) of AFC multiplied by years of creditable service. Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years.

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

Pursuant to RSA 100-A:50, the New Hampshire Retirement System also provides a postretirement medical premium subsidy for Group I employees of political subdivisions and teachers and Group II police officers and firefighters.

A special account has been established by RSA 100-A:16, II(h) for additional benefits. The account is credited with all of the earnings of the account assets in the account plus the earnings of the remaining assets of the plan in excess of the assumed rate of return plus  $1/2$  of 1 percent.

The New Hampshire Retirement System issues a publicly available financial report that may be obtained by writing to them at 4 Chenell Drive, Concord, NH 03301-8509 or from their web site at <http://webster.state.nh.us/retirement>.

**Funding Policy:** The Plan is financed by contributions from the members, the state and local employers, and investment earnings. In

fiscal year 2001, by statute, Group I members contributed 5.0% of gross earnings. Group II members contributed 9.3% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the system's actuary using the open group aggregate funding method and are expressed as a percentage of gross payroll. The State's share represents 100% of the employer cost for all state employees, and 35% of the employer cost for teachers, firefighters, and police officers employed by political subdivisions. The state does not participate in funding the employer cost of other political subdivision employees.

The State's contributions to the plan for the years ending June 30, 2001, 2000, and 1999 were \$33.8 million, and \$31.7 million, and \$27.6 million, respectively, which equals the required contributions for each year.

### HEALTH CARE INSURANCE FOR RETIRED EMPLOYEES

In addition to providing pension benefits, RSA 21-I:30 specifies that the state provide certain health care insurance benefits for retired employees. These benefits include group hospitalization, hospital medical care, and surgical care. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the state and receive their pensions on a periodic basis rather than a lump sum. These and similar benefits for active employees are authorized by RSA 21-I:30 and provided through an insurance company whose premiums are based on the benefits paid during the year. The state recognizes the cost of providing these benefits by paying the entire annual insurance premiums, with minor contributions offset by members and a portion paid by the New Hampshire Retirement System's Group II medical premium subsidy. The state paid approximately \$26.4 million of annual insurance premiums for approximately 7,465 state retirees and covered dependents receiving a periodic pension benefit for the fiscal year ended June 30, 2001.

### COMPONENT UNITS

Eligible employees of the New Hampshire Retirement System and the Pease Development Authority participate in the PERS and additional disclosure about their participation is available in the NHRS audited financial statements. Employees of the New Hampshire Community Development Finance Authority, the Business Finance Authority, and the University System of New Hampshire are not members of the New Hampshire Retirement System, but participate in their own defined contribution plans.

**12. SELECTED FINANCIAL INFORMATION****PRIMARY GOVERNMENT - SEGMENT INFORMATION**

Enterprise Fund segment information as of and for the year ended June 30, 2001, is presented below (expressed in thousands):

	Turnpike System	Liquor Commission	Sweepstakes Commission	Totals
<b>Balance Sheet:</b>				
Net Fixed Asset Additions /(Deductions).....	\$ (660)	\$ 135	\$ 28	\$ (497)
Net Working Capital.....	20,338	1,824	(88)	22,074
Total Assets.....	611,342	42,769	7,143	661,254
Long-Term Liabilities.....	346,269	1,824	313	348,406
Total Fund Equity.....	244,170	14,545		258,715
<b>Statement of Revenues, Expenses and Changes in Retained Earnings:</b>				
Operating Revenues.....	\$ 61,731	\$ 304,723	\$ 198,308	\$ 564,762
Cost of Sales and Services.....		219,905	133,962	353,867
Depreciation.....	11,862	1,525	101	13,488
Operating Income.....	23,162	61,323	57,684	142,169
Net Operating Transfers Out.....		77,275	59,348	136,623
Beer Tax Revenue.....		11,461		11,461
Net Income.....	9,558			9,558

**COMPONENT UNITS - CONDENSED FINANCIAL INFORMATION**

Component Unit condensed financial information as of and for the year ended June 30, 2001, is presented below (expressed in thousands):

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	New Hampshire Retirement System	University System of New Hampshire	Totals
<b>Condensed Balance Sheet:</b>						
Current Assets .....	\$ 3,655	\$ 3,547	\$ 5,690	\$ 498,167	\$ 127,968	\$ 639,027
Property, Plant, and Equipment, Net ..	3,613	40	56,454		385,390	445,497
Total Assets .....	30,880	14,778	71,225	4,834,281	842,398	5,793,562
Current Liabilities .....	3,883	10,146	2,247	494,011	51,471	561,758
Amount Due to Primary Government ..			45,918		7,426	53,344
Long-Term Liabilities .....	21,531	2,294	3,679		266,314	293,818
Total Liabilities .....	25,414	12,440	51,844	494,011	325,211	908,920
Total Fund Equity <sup>(1)</sup> .....	5,466	2,338	19,381	4,340,270	517,187	4,884,642
<b>Condensed Statement of Revenues, Expenses, and Changes in Retained Earnings or Fund Balance:<sup>(2)</sup></b>						
Operating Revenues .....	\$ 971	\$ 1,471	9,389			\$ 11,831
Operating Expenses .....	604	1,161	10,926			12,691
Depreciation .....	96	9	3,311			3,416
Operating Income (Loss) .....	367	310	(1,537)			(860)
Net Income (Loss) .....	120	310	(1,537)			(1,107)
Current Contributed Capital .....			1,649			1,649

<sup>(1)</sup> Total fund equity of the New Hampshire Retirement System comprises the following reserved account balances: Reserved for Pension Benefits of \$4,004,192 and Reserved for Post Retirement Medicaid Benefits of \$336,078.

<sup>(2)</sup> The general purpose financial statements include a separate Combined Statement of Changes in Fund Balances and Combined Statement of Current Funds Revenues, Expenditures, and Other Changes for the University System of New Hampshire and a separate Combined Statement of Changes in Net Assets for the New Hampshire Retirement System.

### 13. CONTINGENT AND LIMITED LIABILITIES

#### PRIMARY GOVERNMENT

**Bonds and First Mortgages:** The state of New Hampshire is contingently liable, within statutory legal limits, for bonds sold by municipalities, school districts, and for first mortgages on industrial and recreational property that contain the guarantee of the state of New Hampshire. The following table shows the composition of the State's \$238 million of contingent liabilities and the statutory limits as of June 30, 2001 (expressed in thousands):

	Principal	Interest	Total
<b>Water Pollution and Waste Disposal, RSA 485-A:7</b> (Legal Limit \$175.0 million - principal and interest) .....	\$ 64,252	\$ 20,523	\$ 84,775
<b>Business Finance Authority, RSA 162-A:22 - Economic Development</b> (Legal Limit \$95.0 million - principal only) .....	19,800	9,940	29,740
<b>N.H. School Building Authority, RSA 195-C:2</b> (Legal Limit \$75.0 million - principal and interest) .....	38,004	14,347	52,351
<b>Business Finance Authority, Ch 265, Laws of 1989, Ch 8, Laws of 1992, and Ch 257, Laws of 1996 - Manchester Airport (Legal Limit \$42.7 million - principal only) .....</b>	37,745	32,200	69,945
<b>Solid Waste Management, RSA 149-M:31</b> (Legal Limit \$30.0 million - principal and interest) .....	910	284	1,194
<b>Total .....</b>	<b>\$ 160,711</b>	<b>\$ 77,294</b>	<b>\$ 238,005</b>

The state of New Hampshire has a limited liability for the New Hampshire Housing Finance Authority and the New Hampshire Municipal Bond Bank. Both entities are required to maintain a bond reserve fund. A request for an appropriation may be submitted to the Legislature for a sum required to maintain the bond reserve fund at the established bond reserve fund requirements. Amounts so requested are subject to appropriation by the Legislature and do not constitute a debt of the state and no such appropriations have ever been requested.

Effective June 1, 1990, RSA 12-G:14 authorized the Pease Development Authority (PDA) to issue bonds for the development of the Pease Air Force Base. RSA 12-G:27 states that the Governor and Executive Council may award an unconditional state guarantee for the principal, not to exceed \$50 million, plus interest. As of June 30, 2001, the state has issued \$39.6 million in general obligation bonds on behalf of PDA in lieu of a state guarantee, in accordance with RSA 12-G:27, III. The general obligation debt issued on behalf of PDA reduced the legal limit on debt guaranteed by the state to \$10.4 million at June 30, 2001.

Effective June 8, 1994, RSA 12-G:27 authorized the Pease Development Authority (PDA) to issue bonds for the development of the former Pease Air Force Base subject to the approval by the Legislative Fiscal Committee of the comprehensive development plan prepared by the PDA. The Governor and Executive Council may award an unconditional state guarantee for the principal, not to exceed \$35.0 million, plus interest.

Effective May 18, 1992, RSA 33:3 authorized state municipalities to issue Superfund Site Cleanup Bonds in order to pay all response costs associated with the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA). The Governor and Executive Council may award an unconditional state guarantee for the principal, not to exceed \$50 million, and interest.

**Federal Grants:** The state receives federal grants, which are subject to review and audit by the grantor agencies. Access to these resources is generally conditional upon compliance with terms and conditions of grant agreements and applicable regulations, including expenditure of resources for allowable purposes. Any disallowances resulting from the audit may become the liability of the state. The state estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

#### COMPONENT UNITS

The Community Development Finance Authority records liabilities payable from restricted assets of \$10.1 million. These liabilities relate to economic development projects for which pledges have been received by the authority. There is no guarantee that these projects will begin or be completed. In the event the project does not utilize the funding donated on its behalf, the funds are to be returned to the donor or the state at the discretion of the donor.

**14. LEASE COMMITMENTS****OPERATING LEASES**

The state has lease commitments for space requirements which are accounted for as operating leases. These leases, subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 2001 were approximately \$11.3 million. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2001 (expressed in thousands):

Payable June 30,	Amount
2002 .....	\$ 9,464
2003 .....	6,408
2004 .....	4,874
2005 .....	3,265
2006 .....	1,618
Thereafter .....	906
Total .....	<u>\$ 26,535</u>

**CAPITAL LEASES**

The state has entered into lease agreements as lessee for financing the acquisition of buildings and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments in the General Fixed Asset Account Group. The assets acquired through capital leases are \$6.4 million of equipment and \$5.9 million of buildings. The future minimum lease payments and the net present value of those payments at June 30, 2001, are as follows (in thousands):

Payable June 30,	Amount
2002 .....	\$ 2,436
2003 .....	1,042
2004 .....	949
2005 .....	836
2006 .....	787
Thereafter .....	3,100
Total.....	9,150
Amount Representing Interest	<u>(1,864)</u>
Present Value of Minimum Lease Payments .....	<u>\$ 7,286</u>

**15. LITIGATION****EDUCATION***Claremont School District, et. al. v. Governor, et. al.*

For the last several years, the State has been involved in ongoing litigation initiated against the State by five school districts who challenged the constitutionality of the State's statutory system of financing the operation of elementary and secondary public schools primarily through local property taxes. On December 17, 1997, the New Hampshire Supreme Court ruled in favor of the Plaintiffs and found that property taxes in support of education are State taxes and that such taxes must be proportional and reasonable throughout the State, and that the current system failed to meet this standard. The Supreme Court further held that a constitutionally adequate public education is a fundamental right, and that the legislative and executive branches must develop and adopt specific criteria implementing appropriate guidelines for such an education.

During the 1998 session, the legislature passed a law defining the components of what constitutes an adequate education and further established commissions to study the costs of providing a constitutionally adequate education. On April 29, 1999, the State Legislature produced a law that determined the cost of an adequate education for the biennium beginning July 1, 1999, and committed the expenditure of that amount of money. Also included in this law are two study commissions: one charged with reviewing New Hampshire's tax structure and the other with reviewing the costs of an adequate education and special education, and the delivery of an adequate education.

In August 1999, the Plaintiffs filed motions in the Supreme Court challenging various aspects of the new system. In October, the Supreme Court struck down the statewide property tax included in the funding plan. The court held that the phase-in of the tax in certain communities was unconstitutional. The court held that the Plaintiffs' other claims were premature and dismissed them without prejudice. In November 1999, the Legislature reenacted the statewide property tax without the phase-in.

On September 5, 2001, the Plaintiffs filed a motion in the Supreme Court challenging the adequacy of the State's compliance with the Court's prior rulings and seeking an Order requiring the Legislature to enact a new school funding system by June 3, 2002. The Attorney General's Office has filed an objection to the Plaintiffs' motion and has asked the Court to close the case. On December 4, 2001 the Supreme Court dismissed the Plaintiffs' claims seeking to require the Legislature to enact a new school funding system. The only pending request is the Plaintiffs' challenge to the definition of an adequate education. It is not possible to predict the outcome of this case at this time or the potential fiscal impact on the State.

*Sirell v. Department of Revenue Administration and State*

Three property owners from three communities filed suit against the Department of Revenue Administration (DRA) and the State that challenged the constitutionality of the uniform education property tax. These property owners pay real estate taxes in their communities and their communities must make excess property tax payments to the State pursuant to 1999 N.H. Laws Chapters 17 and 338. The case went to trial in October 2000 and the Superior Court issued its final order January 2001 finding the uniform education property tax unconstitutional and ordering the State to repay \$880 million to the property taxpayers of the State. On January 30, 2001, the Superior Court modified its Order stating that the amount of the remedy had not been determined. The State appealed this Order to the Supreme Court and in May 2001 the Supreme Court held that the Petitioners had not proven their case and overturned the Superior Court Order finding the tax unconstitutional. However, the Supreme Court held that the State needed to establish a system ensuring that property assessments are brought to full value at least once every five years to comply with Part II, Art 6 of the New Hampshire Constitution.

The Petitioners moved to reconsider this Decision arguing that the Supreme Court had established a new standard for challenging a taxing system and that the matter should be remanded for further proceedings. The State objected and the Court denied the Petitioners' motion for reconsideration. In June 2001, the Legislature passed legislation to comply with the Supreme Court's mandate to establish a system to ensure that assessments are made pursuant to Part II, Art. 6.

*Town of New London, Town of Newbury, et al. v. State*

This case was filed on October 24, 2000, in Merrimack County Superior Court and is a constitutional challenge to the statewide education property tax and the educational funding distribution system. The Petitioners are communities that are members of a cooperative school district and are also "donor" communities under the statewide education property tax. They allege that based on the distribution system enacted by the Legislature, they are treated differently than "donor" communities that are not members of a cooperative school district. They also argue that if the distribution system is found to be constitutional, then they should be allowed to renegotiate their cooperative school district allocation formulae.

The trial originally scheduled for November 13, 2001 was converted to a hearing on a Motion to Dismiss. On December 11, 2001, the Merrimack County Superior Court granted the motion to dismiss.

INTEREST AND DIVIDENDS TAX*Smith, et al. v. Department of Revenue Administration*

A consolidated action against DRA in which the taxpayers challenged the constitutionality, under both the State and Federal Constitutions, of the interest and dividends tax law in effect from 1989 through June 30, 1994 was tried in the Merrimack County Superior Court in June 2000. That trial resulted in a judgment rejecting the Plaintiffs' broad claims for in excess of \$100 million and ordered the State to provide Plaintiffs with a refund of taxes paid on interest and dividends received from out-of-state instruments *only*.

The Plaintiffs appealed the Superior Court's Order to the New Hampshire Supreme Court, claiming that a refund is due for taxes paid on interest received from a broader range of financial instruments. The State cross-appealed, contending that no refund is required. The Supreme Court accepted both appeals, and the matter has been scheduled for briefing in early 2002. A decision is unlikely before June 2002. Should the Supreme Court rule in favor of the Plaintiffs, the matter would be remanded to permit the trial court to determine the amount of any additional refund due. The State estimates that its maximum exposure is unlikely to exceed \$5 million and has recognized this liability in the general long-term debt account group.

OTHER LITIGATION

The State, its agencies and employees are defendants in numerous other lawsuits. Although the Attorney General is unable to predict the ultimate outcome of these suits, in the opinion of the Attorney General and the Commissioner of Administrative Services, the likelihood of such litigation resulting, either individually or in the aggregate, in final judgements against the State, which would materially affect its financial position, is remote. Accordingly, no provision for such ultimate liability, if any, has been made in the financial statements.

**16. SUBSEQUENT EVENT**

In November 2001, the State issued \$100.0 million of general obligation capital improvement bonds. The interest rates of these 20-year serial bonds range from 3.0% to 5.0%. The \$50 million of bond anticipation notes (BANS) outstanding at June 30, 2001 were refinanced with this bond issue and are therefore reported as long-term debt within the General Long Term Debt Account Group.



## **COMBINING FINANCIAL STATEMENTS AND SCHEDULES**



**SCHEDULE OF EXPENDITURES AT THE LEGAL LEVEL OF CONTROL - BUDGET AND ACTUAL -  
BUDGETARY BASIS - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>GENERAL GOVERNMENT</b>			
Legislative Branch.....	\$ 10,744	\$ 10,744	
Executive.....	3,059	2,854	\$ 205
Administrative Services.....	47,522	47,522	
Sec of State.....	3,693	2,637	1,056
Cultural Resources.....	3,763	3,441	322
Revenue Administration.....	11,244	9,373	1,871
State Treasury.....	150,153	121,247	28,906
Board of Tax and Land Appeals.....	709	631	78
NH Retirement System.....	39,541	36,845	2,696
Pease Development Authority.....	6,206	3,004	3,202
Total.....	276,634	238,298	38,336
<b>JUSTICE AND PUBLIC PROTECTION</b>			
Supreme Court.....	53,741	53,123	618
Adjutant General.....	3,755	3,669	86
Agriculture.....	2,183	2,140	43
Justice Department.....	14,455	13,084	1,371
Bank Commission.....	2,218	1,725	493
Emergency Management.....	3,769	3,133	636
Pari-Mutuel Commission.....	2,043	1,795	248
Highway Safety.....	404	382	22
Insurance.....	4,251	3,874	377
Labor.....	5,612	4,953	659
Public Utilities Commission.....	7,043	6,366	677
Safety.....	64,049	60,397	3,652
Corrections Department.....	71,410	71,291	119
Judicial Council.....	14,330	13,398	932
Human Rights Commission.....	550	432	118
Other Boards and Commissions.....	1,686	1,609	77
Total.....	251,499	241,371	10,128
<b>RESOURCE PROTECTION AND DEVELOPMENT</b>			
Resource and Economic Development.....	10,906	10,906	
Environmental Services.....	43,175	39,094	4,081
Total.....	54,081	50,000	4,081
<b>TRANSPORTATION</b>			
Transportation.....	13,346	10,898	2,448
NH Port Authority.....	544	413	131
Total.....	13,890	11,311	2,579
<b>HEALTH AND SOCIAL SERVICES</b>			
Health and Human Services Commissioner.....	27,738	27,738	
Office of Health Management.....	31,945	25,237	6,708
Children and Youth.....	91,034	87,509	3,525
Behavioral Health.....	84,540	84,213	327
Developmental Services.....	122,521	122,380	141
N H Hospital.....	42,691	42,011	680
Home for Elderly.....	8,868	8,675	193
N H Veterans Home.....	7,853	7,853	
Veterans Council.....	245	237	8
Youth Development Services.....	14,232	13,427	805
Elderly and Adult Services.....	820	751	69
Other Boards and Commissions.....	3,241	2,881	360
Total.....	435,728	422,912	12,816
<b>EDUCATION</b>			
Post Secondary Education Commission.....	2,635	2,535	100
Department of Education.....	66,279	55,240	11,039
Post Secondary Technical Education.....	57,027	52,810	4,217
Police Standards and Training Council.....	2,777	2,522	255
University of New Hampshire.....	76,627	76,627	
Total.....	205,345	189,734	15,611
Total Expenditures.....	\$ 1,237,177	\$ 1,153,626	\$ 83,551

# SPECIAL REVENUE FUNDS

**Highway Fund:** Under the state Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the state from motor vehicle registration fees, operators' licenses, gasoline road toll, or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within this state, including the supervision of traffic thereon and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid received by the state for highway purposes, are credited to the Highway Fund. While the principal and interest on state highway bonds are charged to the Highway Fund, the assets of this fund are not pledged to such bonds.

**Fish and Game Fund:** The operations of the state Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries, and wildlife areas, and functions related to law enforcement, land acquisition, and wildlife management and research, are financed through the Fish and Game Fund. Principal revenues of this fund include fees from fish and game licenses, the marine gas tax, penalties, and recoveries, and federal grants-in-aid related to fish and game management, all of which are appropriated annually by the Legislature for the use of the Fish and Game Department.

**Special Fund:** The state allocates to the Special Fund expenditures and revenues of programs that, by statute, operate primarily from specific program revenues or from federal grants-in-aid, including social services programs, education assistance programs, and the administrative expenses of the Department of Employment Security.

**Education Trust Fund:** The Education Trust Fund was established to distribute adequate education grants to school districts. Funding for the grants comes from a variety of sources, including the statewide property and utility taxes, incremental portions of existing business and tobacco taxes, sweepstakes funds, and tobacco settlement funds.

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2001  
(Expressed in Thousands)

	Highway Fund	Fish and Game Fund	Special Fund	Education Trust Fund	Totals
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents.....	\$ 97,175	\$ 8,859	\$ 44,664		\$ 150,698
Receivables (Net of Allowances for Uncollectibles).....	29,842	1,410	110,932	\$ 14,827	157,011
Due from Other Funds.....			9,833	1,192	11,025
Due from Component Units.....					
Inventories.....	4,034	602			4,636
Loans Receivable.....			165,919		165,919
Total Assets.....	<u>\$ 131,051</u>	<u>\$ 10,871</u>	<u>\$ 331,348</u>	<u>\$ 16,019</u>	<u>\$ 489,289</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b>LIABILITIES:</b>					
Accounts Payable.....	\$ 24,939	\$ 759	\$ 85,403		\$ 111,101
Accrued Payroll.....	2,499	349	3,578		6,426
Due to Other Funds.....				\$ 6,719	6,719
Deferred Revenue.....			165,919	9,300	175,219
Total Liabilities.....	<u>27,438</u>	<u>1,108</u>	<u>254,900</u>	<u>16,019</u>	<u>299,465</u>
<b>FUND EQUITY:</b>					
Reserved for Encumbrances.....	125,996	1,098	76,448		203,542
Reserved for Inventories.....	4,034	602			4,636
Reserved for Unexpended Appropriations.....		5,348			5,348
Unreserved, Undesignated Fund Balance (Deficit).....	(26,417)	2,715			(23,702)
Total Fund Equity.....	<u>103,613</u>	<u>9,763</u>	<u>76,448</u>		<u>189,824</u>
Total Liabilities and Fund Equity.....	<u>\$ 131,051</u>	<u>\$ 10,871</u>	<u>\$ 331,348</u>	<u>\$ 16,019</u>	<u>\$ 489,289</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**  
**(Expressed in Thousands)**

	Highway Fund	Fish and Game Fund	Special Fund	Education Trust Fund	Total
<b>REVENUES:</b>					
General Property Taxes.....				\$ 457,779	\$ 457,779
Special Taxes.....		\$ 13	\$ 65,369	89,094	154,476
Personal Taxes.....				25,356	25,356
Business License Taxes.....	\$ 139,511		1,546		141,057
Non-Business License Taxes.....	55,198	6,775			61,973
Fees.....	17,055	1,199	22,761		41,015
Fines, Penalties and Interest.....	583	180	2,934		3,697
Grants from Federal Government.....	124,244	4,801	685,082		814,127
Grants from Private and Local Sources.....	11,702	263	83,672		95,637
Interest, Premiums and Discounts.....	4,657	441	4,776	175	10,049
Sale of Commodities.....	144	286	7,317		7,747
Sale of Services.....	5,240		206		5,446
Assessments.....	511		2,734		3,245
Grants from Other Agencies.....	696	588	2,355		3,639
Miscellaneous.....	2,121	787	19,439	38,745	61,092
Total Revenues.....	361,662	15,333	898,191	611,149	1,886,335
<b>EXPENDITURES:</b>					
Current:					
General Government.....			40,207	840	41,047
Administration of Justice and Public Protection.....	1,331		37,363		38,694
Resource Protection and Development.....		14,058	75,623		89,681
Transportation.....	220,373		14		220,387
Health and Social Services.....			860,031		860,031
Education.....			108,973	825,807	934,780
Debt Service.....	5,133	286	1,613		7,032
Capital Outlay.....	146,611	1,299	10,675		158,585
Total Expenditures.....	373,448	15,643	1,134,499	826,647	2,350,237
Deficiency of Revenues Under Expenditures.....	(11,786)	(310)	(236,308)	(215,498)	(463,902)
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In.....		811	244,700	88,680	334,191
Enterprise Transfers In.....				59,348	59,348
Operating Transfers Out.....	(1,622)				(1,622)
Total Other Financing Sources (Uses) .....	(1,622)	811	244,700	148,028	391,917
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	(13,408)	501	8,392	(67,470)	(71,985)
Fund Balances - July 1.....	118,243	9,410	68,056	67,470	263,179
Change in Reserve for Inventory .....	(1,222)	(148)			(1,370)
Fund Balances - June 30.....	\$ 103,613	\$ 9,763	\$ 76,448	\$ -	\$ 189,824

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES AT THE LEGAL LEVEL OF CONTROL -  
BUDGET AND ACTUAL - BUDGETARY BASIS - SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	Highway			Fish and Game		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>						
General Property Taxes.....						
Special Taxes.....				\$ 71	\$ 13	\$ (58)
Personal Taxes.....						
Business License Taxes.....	\$ 146,600	\$ 139,511	\$ (7,089)	30		(30)
Non-Business License Taxes.....	52,877	55,198	2,321	7,177	6,775	(402)
Fees.....	16,012	17,055	1,043	1,535	1,198	(337)
Fines, Penalties and Interest.....	735	583	(152)	100	180	80
Grants from Federal Government.....	154,906	152,805	(2,101)	4,655	4,658	3
Grants from Private and Local Sources.....	9,096	10,638	1,542	247	263	16
Rents and Leases.....						
Interest Premiums and Discounts.....	5,700	4,657	(1,043)	375	441	66
Sale of Commodities.....	167	144	(23)	276	286	10
Sale of Services.....	20,439	18,182	(2,257)			
Assessments.....	417	511	94			
Grants from Other Agencies.....	761	698	(63)	685	624	(61)
Miscellaneous.....	347	7,090	6,743	1,915	3,299	1,384
Total Revenues.....	408,057	407,072	(985)	17,066	17,737	671
<b>EXPENDITURES:</b>						
General Government						
Executive.....						
Administrative Services.....						
Cultural Resources.....						
Revenue Administration.....						
Total.....						
Justice and Public Protection						
Adjutant General.....						
Agriculture.....						
Justice Department.....						
Emergency Management.....						
Highway Safety.....						
Labor .....						
Safety.....						
Corrections Department.....						
Employment Security.....						
Total.....						
Resource Protection and Development						
Fish and Game Commission.....				19,004	16,801	2,203
Resource and Economic Development.....						
Environmental Services.....						
Total.....				19,004	16,801	2,203
Transportation						
Transportation.....	422,950	395,659	27,291			
NH Port Authority.....						
Total.....	422,950	395,659	27,291			

Special			Education			TOTALS		
Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
			\$ 442,064	\$ 457,779	\$ 15,715	\$ 442,064	\$ 457,779	\$ 15,715
\$ 65,369	\$ 65,369		169,500	148,442	(21,058)	234,940	213,824	(21,116)
			27,800	25,356	(2,444)	27,800	25,356	(2,444)
2,224	1,546	\$ (678)				148,854	141,057	(7,797)
						60,054	61,973	1,919
27,611	23,206	(4,405)				45,158	41,459	(3,699)
1,235	2,499	1,264				2,070	3,262	1,192
770,788	679,155	(91,633)				930,349	836,618	(93,731)
86,185	82,716	(3,469)				95,528	93,617	(1,911)
38	410	372				38	410	372
3,482	5,271	1,789		175	175	9,557	10,544	987
4,252	7,028	2,776				4,695	7,458	2,763
901	629	(272)				21,340	18,811	(2,529)
2,910	2,734	(176)				3,327	3,245	(82)
10,788	11,731	943				12,234	13,053	819
23,141	19,262	(3,879)	40,000	38,745	(1,255)	65,403	68,396	2,993
998,924	901,556	(97,368)	679,364	670,497	(8,867)	2,103,411	1,996,862	(106,549)
48,786	41,930	6,856				48,786	41,930	6,856
1,238	860	378				1,238	860	378
1,771	1,397	374				1,771	1,397	374
			769	769		769	769	
51,795	44,187	7,608	769	769		52,564	44,956	7,608
5,158	4,928	230				5,158	4,928	230
299	202	97				299	202	97
11,101	10,403	698				11,101	10,403	698
5,520	5,428	92				5,520	5,428	92
1,695	1,229	466				1,695	1,229	466
253	253					253	253	
6,988	6,716	272				6,988	6,716	272
350	30	320				350	30	320
28,603	24,140	4,463				28,603	24,140	4,463
59,967	53,329	6,638				59,967	53,329	6,638
						19,004	16,801	2,203
16,604	16,604					16,604	16,604	
86,043	65,789	20,254				86,043	65,789	20,254
102,647	82,393	20,254				121,651	99,194	22,457
						422,950	395,659	27,291
						422,950	395,659	27,291

Continued...

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES AT THE LEGAL LEVEL OF CONTROL -  
BUDGET AND ACTUAL - BUDGETARY BASIS - SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001 (CONTINUED)  
(Expressed in Thousands)**

	Highway			Fish and Game		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Health and Social Services						
Health and Human Services Commissioner.....						
Office of Health Management.....						
Children and Youth.....						
Transitional Assistance.....						
Behavioral Health.....						
Developmental Services.....						
N H Hospital.....						
Youth Development Services.....						
Elderly and Adult Services.....						
Total.....						
Education						
Post Secondary Education Commission.....						
Department of Education.....						
Post Secondary Technical Education .....						
Total.....						
Total Expenditures.....	\$ 422,950	\$ 395,659	\$ 27,291	\$ 19,004	\$ 16,801	\$ 2,203
Excess (Deficiency) of Revenues						
Over (Under) Expenditures.....	(14,893)	11,413	26,306	(1,938)	936	2,874
OTHER FINANCING SOURCES (USES):						
Operating Transfers In.....				811	811	
Operating Transfers Out .....	(1,622)	(1,622)				
Total Other Financing Sources (Uses).....	(1,622)	(1,622)		811	811	
Excess (Deficiency) of Revenues and Other						
Sources Over (Under) Expenditures and Other Uses....	(16,515)	\$ 9,791	\$ 26,306	(1,127)	\$ 1,747	\$ 2,874
Other Budget Items:						
Transfers from Available Funds.....	2,451			461		
Budget Lapses.....	14,064			666		
Net Budget.....	\$ -0-			\$ -0-		

Special			Education			TOTALS		
Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
190,649	188,520	2,129				190,649	188,520	2,129
236,782	228,912	7,870				236,782	228,912	7,870
27,381	27,141	240				27,381	27,141	240
78,028	65,110	12,918				78,028	65,110	12,918
28,084	22,216	5,868				28,084	22,216	5,868
26,498	16,045	10,453				26,498	16,045	10,453
3,229	3,174	55				3,229	3,174	55
218	107	111				218	107	111
289,230	285,306	3,924				289,230	285,306	3,924
880,099	836,531	43,568				880,099	836,531	43,568
112	87	25				112	87	25
144,370	107,236	37,134	824,781	824,756	25	969,151	931,992	37,159
11,723	11,721	2				11,723	11,721	2
156,205	119,044	37,161	824,781	824,756	25	980,986	943,800	37,186
\$1,250,713	\$1,135,484	\$ 115,229	\$ 825,550	\$ 825,525	\$ 25	\$2,518,217	\$2,373,469	\$ 144,748
(251,789)	(233,928)	17,861	(146,186)	(155,028)	(8,842)	(414,806)	(376,607)	38,199
244,756	244,756		40,559	40,559		286,126	286,126	
						(1,622)	(1,622)	
244,756	244,756		40,559	40,559		284,504	284,504	
(7,033)	\$ 10,828	\$ 17,861	(105,627)	(114,469)	\$ (8,842)	(130,302)	\$ (92,103)	\$ 38,199
4,963			105,602			113,477		
2,070			25			16,825		
\$ -0-			\$ -0-			\$ -0-		





## ENTERPRISE FUNDS

**Turnpike System:** *The state constructs, maintains, and operates transportation toll facilities. The Legislature has established a 10-year state highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. These include a partial circumferential highway around the City of Nashua and other projects that will provide major improvements to the Central Turnpike from Bedford to Nashua and include new interchanges, widening, and a toll plaza. Additional projects are planned that will provide safety improvements to the existing Turnpike System and increase the Turnpike System's capacity.*

**Liquor Commission:** *Receipts from operations of the Liquor Commission are transferred to the General Fund on a daily basis. The General Fund advances cash to the Liquor Commission for the purchase of liquor inventory. By statute, all liquor and beer sold in the state must be sold through a sales and distribution system operated by the state Liquor Commission, comprising three members appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates state liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses, and other merchandising facilities for liquor sales, to supervise the construction of state-owned liquor stores at various locations in the state, and to sell liquor through retail outlets as well as direct sales to restaurants, hotels, and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers and an additional fee of 30 cents per gallon on beverages sold by such retailers.*

**Sweepstakes Commission:** *The state sells lottery games through some 1,350 agents, including state liquor stores, licensed racetracks, and private retail outlets. Through the sale of lottery tickets, revenue is generated for prize payments and commission expenses, with the net income used for aid to education. This net income is transferred to the Department of Education in the General Fund and then transferred to the local school districts.*

COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
JUNE 30, 2001  
(Expressed in Thousands)

<u>ASSETS</u>	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
<b>Current Assets:</b>				
Cash and Cash Equivalents.....	\$ 19,060	\$ 4,028	\$ 3,125	\$ 26,213
Receivables (Net of Allowances for Uncollectibles).....	7,616	4,110	2,808	14,534
Due from Other Funds.....				
Inventories.....	387	20,086	781	21,254
Prepaid Expenses.....			28	28
Total Current Assets.....	27,063	28,224	6,742	62,029
<b>Restricted Assets:</b>				
Cash and Cash Equivalents.....	2,184			2,184
Investments.....	75,334			75,334
Total Restricted Assets.....	77,518			77,518
<b>Deferred Charges.....</b>	2,970			2,970
<b>Fixed Assets:</b>				
Land.....	89,086	2,055		91,141
Land Improvements.....		627		627
Buildings.....	3,640	14,509		18,149
Building Improvements.....		1,274		1,274
Equipment.....	14,392	7,945	974	23,311
Construction in Progress.....	61,009			61,009
Infrastructure.....	477,312			477,312
Less: Allowance for Depreciation and Amortization.....	(141,648)	(11,865)	(573)	(154,086)
Net Fixed Assets.....	503,791	14,545	401	518,737
Total Assets.....	\$ 611,342	\$ 42,769	\$ 7,143	\$ 661,254
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>Current Liabilities:</b>				
Accounts Payable.....	\$ 1,910	\$ 22,609	\$ 1,683	\$ 26,202
Accrued Payroll.....	381	639	80	1,100
Due to Other Funds.....		903	1,192	2,095
Deferred Revenue.....		2,249	849	3,098
Unclaimed Prizes.....			3,026	3,026
Other Liabilities.....	398			398
General Obligation Bonds Payable - current.....	4,036			4,036
Total Current Liabilities.....	6,725	26,400	6,830	39,955
<b>Current Liabilities Payable from Restricted Assets:</b>				
Revenue Bonds Payable.....	9,335			9,335
Accrued Interest Payable.....	4,843			4,843
Total Current Liabilities Payable from Restricted Assets...	14,178			14,178
<b>Noncurrent Liabilities:</b>				
General Obligation Bonds Payable.....	22,185			22,185
Revenue Bonds Payable (Net of Unamortized Discount).....	322,145			322,145
Compensated Absences Payable.....	1,939	1,824	313	4,076
Total Noncurrent Liabilities.....	346,269	1,824	313	348,406
Total Liabilities.....	367,172	28,224	7,143	402,539
<b>Fund Equity:</b>				
Contributions from Other Funds.....		14,545		14,545
Contributed Capital (Net of Amortization).....	34,589			34,589
Retained Earnings.....	209,581			209,581
Total Fund Equity.....	244,170	14,545		258,715
Total Liabilities and Fund Equity.....	\$ 611,342	\$ 42,769	\$ 7,143	\$ 661,254

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**  
**(Expressed in Thousands)**

	<b>Turnpike System</b>	<b>Liquor Commission</b>	<b>Sweepstakes Commission</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Charges for Sales and Services.....	\$ 61,731	\$ 304,723	\$ 198,308	\$ 564,762
<b>OPERATING EXPENSES:</b>				
Cost of Sales and Services.....		219,905	133,962	353,867
Personnel Services.....	8,303	12,898	1,714	22,915
Supplies and Materials.....	868	366	13	1,247
Communication Services.....	34	293	59	386
Travel.....	132	116	60	308
Printing and Binding.....		108	38	146
Advertising.....	3	696	2,790	3,489
Heat, Light and Power.....	1,095	819		1,914
Rent.....	545	1,547	327	2,419
Repairs.....	6,213	178	14	6,405
Payroll Benefits.....	3,159	3,604	745	7,508
Indirect Costs.....	1,005	285	29	1,319
Enforcement.....	3,677		291	3,968
Miscellaneous.....	1,673	1,060	481	3,214
Depreciation.....	11,862	1,525	101	13,488
Total Operating Expenses.....	38,569	243,400	140,624	422,593
Operating Income.....	23,162	61,323	57,684	142,169
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Licenses.....		2,820		2,820
Beer Taxes.....		11,461		11,461
Investment Income.....	3,532		1,664	5,196
Miscellaneous.....	270	1,671		1,941
Interest on Bonds.....	(17,168)			(17,168)
Amortization of Bond Issuance Costs.....	(238)			(238)
Total Nonoperating Revenues (Expenses).....	(13,604)	15,952	1,664	4,012
Income Before Operating Transfers.....	9,558	77,275	59,348	146,181
<b>Operating Transfers:</b>				
To General Fund and Education Fund.....		(77,275)	(59,348)	(136,623)
Net Income.....	9,558			9,558
Add: Depreciation on Fixed Assets Acquired by Grants and Entitlements Externally Restricted for Capital Acquisitions and Construction Reducing Contributed Capital.....	833			833
Increase in Retained Earnings.....	10,391			10,391
Retained Earnings - July 1.....	199,190			199,190
Retained Earnings - June 30.....	\$ 209,581		\$	209,581

**COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>Turnpike System</b>	<b>Liquor Commission</b>	<b>Sweepstakes Commission</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Operating Income.....	\$ 23,162	\$ 61,323	\$ 57,684	\$ 142,169
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>				
Depreciation.....	11,862	1,525	101	13,488
Amortization.....	238			238
<b>Change in Operating Assets and Liabilities:</b>				
(Increase) in Receivables.....	(67)	(103)	(565)	(735)
(Increase) Decrease in Inventories.....	58	(929)	(346)	(1,217)
Decrease in Prepaid Expenses.....			87	87
(Decrease) in Accounts Payable and Other Accruals.....	(753)	(2,924)	(461)	(4,138)
Increase in Deferred Revenue.....		395	146	541
Net Cash Provided by Operating Activities.....	34,500	59,287	56,646	150,433
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers to Other Funds.....		(74,247)	(59,398)	(133,645)
Proceeds from Collection of Licenses and Beer Tax.....		14,281		14,281
Net Cash (Used for) Noncapital and Related Financing Activities.....		(59,966)	(59,398)	(119,364)
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition, Disposal and Construction of Capital Assets.....	(10,031)	(135)	(124)	(10,290)
(Decrease) in Contributed Capital.....	(3)			(3)
Interest Paid on Revenue and General Obligation Bonds.....	(20,244)			(20,244)
Principal Paid on Bonds.....	(10,977)			(10,977)
Contributions from Other Funds.....		135		135
Net Cash (Used for) Capital and Related Financing Activities.....	(41,255)		(124)	(41,379)
<b>Cash Flows from Investing Activities:</b>				
Purchase of Investments.....	(21,392)			(21,392)
Proceeds from Maturities of Investments.....	29,085			29,085
Interest and Other Income.....	3,280	1,683	1,495	6,458
Net Cash Provided by Investing Activities.....	10,973	1,683	1,495	14,151
Net Increase (Decrease) in Cash and Cash Equivalents.....	4,218	1,004	(1,381)	3,841
Cash and Cash Equivalents - July 1.....	17,026	3,024	4,506	24,556
Cash and Cash Equivalents -June 30.....	\$ 21,244	\$ 4,028	\$ 3,125	\$ 28,397

# TRUST AND AGENCY FUNDS

**Expendable Trusts:** *An expendable trust is created when both the principal and the earnings of the fund can be expended to achieve the objectives of the fund. The State's Unemployment Compensation Trust Fund is the major component of the State's expendable trust funds.*

**Nonexpendable Trusts:** *The nonexpendable trusts account for assets received and expended by the state as the trustee. The principal of the funds is nonexpendable, whereas the earnings on the principal are used to support the individual fund's purpose.*

**Investment Trust Fund:** *The investment trust fund represents the external portion of the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the state of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the state of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Trust and Agency Funds using the economic resources measurement focus and accrual basis of accounting. The internal portion of the pool is reported in the general fund. NHPDIP financial statements can be obtained by contacting NHPDIP at 497 Belknap Mountain Rd, Gilford NH 03246.*

**Agency Funds:** *Assets received by the state as an agent for other governmental units, other organizations, or individuals are accounted for as agency funds. Payroll taxes collected on behalf of the federal government and employee voluntary deductions for deposit to the State's deferred compensation plan are two of the larger agency funds of the state.*



**COMBINING BALANCE SHEET  
TRUST AND AGENCY FUNDS  
JUNE 30, 2001  
(Expressed in Thousands)**

<b><u>ASSETS</u></b>	<b>Expendable Trust Funds</b>	<b>Non- Expendable Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Agency Funds</b>	<b>Totals</b>
Cash and Cash Equivalents.....	\$ 449	\$ 3,191		\$ 10,074	\$ 13,714
Investments.....	344,255	10,171	\$ 358,391	157,567	870,384
Receivables (Net of Allowances for Uncollectibles).....	7,086		958		8,044
<b>Total Assets.....</b>	<b>\$ 351,790</b>	<b>\$ 13,362</b>	<b>\$ 359,349</b>	<b>\$ 167,641</b>	<b>\$ 892,142</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>LIABILITIES:</b>					
Due to Other Taxing Units.....				\$ 21	\$ 21
Custodial Funds Payable.....				167,620	167,620
Payment Due Other Jurisdictions.....	\$ 4,670		\$ 192		4,862
<b>Total Liabilities.....</b>	<b>4,670</b>		<b>192</b>	<b>167,641</b>	<b>172,503</b>
<b>FUND BALANCES:</b>					
Reserved for Unemployment Compensation Benefits ....	342,095				342,095
Reserved for Various Trust Funds.....	5,025	13,362			18,387
Reserved for External Investment Pool Participants.....			359,157		359,157
<b>Total Fund Balances.....</b>	<b>347,120</b>	<b>13,362</b>	<b>359,157</b>		<b>719,639</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 351,790</b>	<b>\$ 13,362</b>	<b>\$ 359,349</b>	<b>\$ 167,641</b>	<b>\$ 892,142</b>



COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
 (Expressed in Thousands)

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
<b><u>PAYROLL TAXES AND FRINGE BENEFITS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents.....	\$ 21	\$ 481	\$ 481	\$ 21
<b><u>LIABILITIES</u></b>				
Due to Other Taxing Units.....	\$ 21	\$ 481	\$ 481	\$ 21
<b><u>DEFERRED COMPENSATION WITHHOLDINGS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents.....	\$ -	\$ 10,478	\$ 10,478	\$ -
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable.....	\$ -	\$ 10,478	\$ 10,478	\$ -
<b><u>UNIFIED COURT SYSTEM</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents.....	\$ 4,744	\$ 31,919	\$ 29,741	\$ 6,922
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable.....	\$ 4,744	\$ 31,919	\$ 29,741	\$ 6,922
<b><u>CHILD SUPPORT FUND</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents.....	\$ 2,117	\$ 83,509	\$ 83,844	\$ 1,782
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable.....	\$ 2,117	\$ 83,509	\$ 83,844	\$ 1,782
<b><u>NUCLEAR DECOMMISSIONING</u></b>				
<b><u>ASSETS</u></b>				
Investments.....	\$ 136,682	\$ 28,609	\$ 12,841	\$ 152,450
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable.....	\$ 136,682	\$ 28,609	\$ 12,841	\$ 152,450

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

## AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Expressed in Thousands)

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
<b><u>MAINE - NEW HAMPSHIRE BRIDGE AUTHORITY</u></b>				
<b><u>ASSETS</u></b>				
Investments.....	\$ 5,272	\$ 261	\$ 838	\$ 4,695
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable.....	\$ 5,272	\$ 261	\$ 838	\$ 4,695
<b><u>MISCELLANEOUS AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents.....	\$ 1,475	\$ 6,447	\$ 6,573	\$ 1,349
Investments.....	360	143	81	422
Total Assets.....	\$ 1,835	\$ 6,590	\$ 6,654	\$ 1,771
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable.....	\$ 1,835	\$ 6,590	\$ 6,654	\$ 1,771
<b><u>TOTALS - AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents.....	\$ 8,357	\$ 132,834	\$ 131,117	\$ 10,074
Investments.....	142,314	29,013	13,760	157,567
Total Assets.....	\$ 150,671	\$ 161,847	\$ 144,877	\$ 167,641
<b><u>LIABILITIES</u></b>				
Due to Other Taxing Units.....	\$ 21	\$ 481	\$ 481	\$ 21
Custodial Funds Payable.....	150,650	161,366	144,396	167,620
Total Liabilities.....	\$ 150,671	\$ 161,847	\$ 144,877	\$ 167,641

**TRANSFERS SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**  
 (Expressed in Thousands)

	Transfers In					
	General Fund	Special Revenue Funds				Combined Totals
		Fish and Game	Special	Education	Total	
<b><u>Transfers Out:</u></b>						
General Fund.....			\$ 244,700	\$ 88,680	\$ 333,380	\$ 333,380
Highway.....	\$ 811	\$ 811			811	1,622
Capital.....	976					976
Enterprise Funds:						
Liquor.....	77,275					77,275
Sweepstakes.....				59,348	59,348	59,348
Total Enterprise.....	77,275			59,348	59,348	136,623
Combined Totals.....	\$ 79,062	\$ 811	\$ 244,700	\$ 148,028	\$ 393,539	472,601

## COMPONENT UNITS

**Business Finance Authority - (BFA):** The BFA was established to provide preservation, establishment, and redevelopment of business and industry for the betterment of the economy of the state and its inhabitants, create or preserve employment opportunities, protect the physical environment, preserve or increase the social welfare or economic prosperity of the state or its political subdivisions, and promote the general welfare of the State's citizens. The BFA accomplishes its purposes through various loan programs it offers to the State's businesses and industries. Operations are funded primarily through bond service charge fees and rental income from a building located at an industrial park.

**Pease Development Authority - (PDA):** The PDA, successor to the Pease Redevelopment Commission (PRC), was established to implement the PRC's comprehensive plan for the conversion and redevelopment of the Pease International Tradeport. The guiding principles of the plan were job creation, fiscal viability, economic development, and environmental quality. Operations are funded primarily through facility lease income, airport joint use income, and golf course revenues.

**The Community Development Finance Authority - (CDFA):** The CDFA was established to provide financial and technical assistance to community based housing and economic development projects. The CDFA charges fees to donee organizations based upon the fair value of property conveyed to the CDFA. The CDFA also distributes pledges it receives to the respective economic development organizations and charges a fee which ranges from 15 to 20 percent of the pledges for managing the program. Operations are financed primarily through these fees.

**University System of New Hampshire:** The University System was established to provide the residents of the state with a well coordinated system of public higher education offering the arts and sciences, and the professional and technical 2-year, 4-year, and graduate programs that serve the needs of the state and the Nation. In addition, the University System of New Hampshire generates research that contributes to the welfare of humanity, to the development of faculty, and to the educational experiences of students and provides educational resources and professional expertise to benefit the state and its people.

**New Hampshire Retirement System:** The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer contributory pension plan and trust established on July 1, 1967, and is intended for all time to meet the requirements of a qualified tax-exempt organization within the meaning of section 401(a) and section 501(a) of the United States Internal Revenue Code. Participating employers include the employees of the state government of New Hampshire, certain cities and towns, all counties, and various school districts.

**COMBINING BALANCE SHEET**  
**COMPONENT UNITS**  
**JUNE 30, 2001**  
**(Expressed in Thousands)**

	College and University Funds	Pension Trust Funds	Enterprise Funds	Totals
<b><u>ASSETS</u></b>				
Cash, Cash Equivalents, and Short-term Investments.....	\$ 101,298	\$ 403,917	\$ 7,661	\$ 512,876
Receivables:				
Accounts (Net of Allowances For Uncollectibles).....	21,942		2,622	24,564
Accrued Interest and Dividends.....		18,108		18,108
Contributions and Other.....		76,142		76,142
Loans and Notes Receivable (Net of Allowances For Uncollectibles).....	21,320		2,493	23,813
Investments.....	305,134	4,335,801		4,640,935
Restricted Assets:				
Cash and Cash Equivalents.....			13,787	13,787
Investments.....			4,425	4,425
Receivables.....			14,156	14,156
Total Restricted Assets.....	0	0	32,368	32,368
Fixed Assets, Net.....	385,390		60,107	445,497
Other Assets.....	7,314	313	11,632	19,259
Total Assets.....	\$ 842,398	\$ 4,834,281	\$ 116,883	\$ 5,793,562
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Accounts Payable.....	\$ 20,455		\$ 1,627	\$ 22,082
Accrued Payroll.....	11,384		43	11,427
Deferred Revenue.....	19,632		484	20,116
Current Portion of Bonds Payable.....			1,100	1,100
Other Current Liabilities.....			588	588
Current Liabilities Payable from Restricted Assets.....			12,434	12,434
Bonds Payable.....			18,574	18,574
Due to Primary Government.....	7,426		45,918	53,344
Long-term Debt.....	196,032			196,032
Compensated Absences and Accrued Employee Benefits Due to Brokers for Securities Purchased.....	70,282	\$ 83,005		83,005
Management Fees and Other Payables.....		411,006		411,006
Advances from Tenant.....			379	379
Other Noncurrent Liabilities.....			8,551	8,551
Total Liabilities.....	325,211	494,011	89,698	908,920
Fund Equity:				
Contributed Capital.....			30,057	30,057
Retained Earnings (Deficit).....			(2,872)	(2,872)
Fund Balances:				
College and University Fund Balances.....	517,187			517,187
Reserved for Pension Benefits.....		4,004,192		4,004,192
Reserved for Post Retirement Medical Benefits.....		336,078		336,078
Total Fund Equity.....	517,187	4,340,270	27,185	4,884,642
Total Liabilities and Fund Equity.....	\$ 842,398	\$ 4,834,281	\$ 116,883	\$ 5,793,562

**COMBINING BALANCE SHEET**  
**COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS**  
**JUNE 30, 2001**  
**(Expressed in Thousands)**

	<div>Endowment And Similar Plant Funds</div>				
	Current Funds	Loan Funds	Similar Funds	Plant Funds	Total
<b><u>ASSETS</u></b>					
Cash, Cash Equivalents and Short-term Investments.....	\$ 71,064	\$ 1,872	\$ 2,374	\$ 25,988	\$ 101,298
Accounts Receivable (Net of Allowances for Uncollectibles)...	20,283		367	1,292	21,942
Prepaid Expenses.....	4,728				4,728
Notes Receivable (Net of Allowances for Uncollectibles).....		21,320			21,320
Investments.....	38,339		169,898	96,897	305,134
Fixed Assets, Net.....				385,390	385,390
Other Assets.....				2,586	2,586
Interfund Balances, Net.....	2,582			(2,582)	
Total Assets.....	\$ 136,996	\$ 23,192	\$ 172,639	\$ 509,571	\$ 842,398
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Accounts Payable and Accrued Expenses.....	\$ 11,624		\$ 1,714	\$ 7,117	\$ 20,455
Accrued Payroll.....	11,384				11,384
Deposits and Deferred Revenues.....	19,632				19,632
Due to Primary Government.....				7,426	7,426
Long-term Debt.....				196,032	196,032
Compensated Absences and Accrued Employee Benefits.....	61,092		9,190		70,282
Total Liabilities.....	103,732	0	10,904	210,575	325,211
<b>Fund Balances:</b>					
<b>Current Funds:</b>					
Unrestricted.....	15,766				15,766
Restricted.....	17,498				17,498
<b>Loan Funds:</b>					
U.S. Government Grants.....		\$ 17,169			17,169
Restricted.....		4,805	916		5,721
Unrestricted.....		1,218	1,983		3,201
<b>Endowment and Similar Funds:</b>					
Endowment, Primarily Restricted.....			120,400		120,400
Funds Functioning As Endowment - Unrestricted.....			11,346		11,346
Funds Functioning As Endowment - Restricted.....			7,658		7,658
Held In Trust By Others.....			16,636		16,636
Life Income and Annuity Funds.....			2,796		2,796
<b>Plant Funds:</b>					
Investment In Plant.....				272,833	272,833
Unexpended.....				26,163	26,163
Total Fund Balances.....	33,264	23,192	161,735	298,996	517,187
Total Liabilities and Fund Balances.....	\$ 136,996	\$ 23,192	\$ 172,639	\$ 509,571	\$ 842,398

**COMBINING STATEMENT OF PLAN NET ASSETS**  
**COMPONENT UNITS - PENSION TRUST FUNDS**  
**JUNE 30, 2001**  
**(Expressed in Thousands)**

	<b>Pension Plan</b>	<b>Post Retirement Medical Plan</b>	<b>Total Plan</b>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents.....	\$ 3,357	\$ 283	\$ 3,640
Cash Collateral on Security Lending.....	369,131	31,146	400,277
Total Cash.....	372,488	31,429	403,917
Receivables:			
Due from Employers.....	3,667	1,594	5,261
Due from State.....	6,717	823	7,540
Due from Plan Members.....	8,322		8,322
Due from Post Retirement Medical Plan.....	2,417		2,417
Due from Brokers for Securities Sold.....	45,370	3,828	49,198
Interest and Dividends.....	16,699	1,409	18,108
Other .....	3,139	265	3,404
Total Receivables.....	86,331	7,919	94,250
Investments at Fair Value:			
Equity Investments:			
Domestic.....	1,874,830	158,193	2,033,023
International.....	315,658	26,634	342,292
Fixed Income Investments:			
Domestic.....	903,274	76,215	979,489
Global.....	138,742	11,707	150,449
Commercial Real Estate.....	381,841	32,218	414,059
Timberfunds.....	117,439	9,909	127,348
Alternative Investments.....	264,725	22,337	287,062
Temporary Investments.....	1,917	162	2,079
Total Investments.....	3,998,426	337,375	4,335,801
Other Assets.....	289	24	313
Total Assets.....	4,457,534	376,747	4,834,281
<b><u>LIABILITIES</u></b>			
Securities Lending Collateral.....	369,131	31,146	400,277
Contributions Due to Pension Plan.....		2,417	2,417
Management Fees and Other Payables.....	7,665	647	8,312
Due to Brokers for Securities Purchased.....	76,546	6,459	83,005
Total Liabilities.....	453,342	40,669	494,011
Net Assets Held in Trust for Benefits.....	\$ 4,004,192	\$ 336,078	\$ 4,340,270

**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
COMPONENT UNITS - PENSION TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>Pension Plan</b>	<b>Post Retirement Medical Plan</b>	<b>Total Plan</b>
<b>ADDITIONS:</b>			
<b>Contributions:</b>			
Employer .....	\$ 46,083	\$ 13,189	\$ 59,272
State Contributions on Behalf of Local Employers.....	10,256	5,128	15,384
Total Employer Contributions.....	56,339	18,317	74,656
Plan Member.....	93,999		93,999
Post Retirement Medical Plan Contributions on Behalf of Employers.....	18,317		18,317
Total Contributions.....	168,655	18,317	186,972
<b>Investment Income:</b>			
From Investing Activities:			
Net Depreciation in Fair Value of Investments.....	(444,776)	(36,122)	(480,898)
Interest.....	66,758	5,422	72,180
Dividends.....	38,413	3,120	41,533
Timberfund Income .....	34	3	37
Alternative Investment Income.....	472	38	510
Commercial Real Estate Operating Income.....	72,098	5,856	77,954
Total Loss from Investing Activities.....	(267,001)	(21,683)	(288,684)
<b>Less: Investment Activity Expenses:</b>			
Investment Management Fees.....	26,041	2,115	28,156
Commercial Real Estate Operating Expense.....	37,734	3,065	40,799
Custodial Fees.....	586	48	634
Investment Advisor Fees.....	426	35	461
Total Investment Activity Expenses.....	64,787	5,263	70,050
Total Net Loss from Investing Activities.....	(331,788)	(26,946)	(358,734)
<b>From Securities Lending Activities:</b>			
Security Lending Income.....	25,108	2,039	27,147
Less: Security Lending Borrower Rebates.....	22,989	1,867	24,856
Less: Security Lending Management Fees.....	635	52	687
Net Income from Securities Lending Activities.....	1,484	120	1,604
Total Net Investment Loss.....	(330,304)	(26,826)	(357,130)
Administrative Assessment.....	4,900	398	5,298
Other.....	343	28	371
Total Additions.....	(156,406)	(8,083)	(164,489)
<b>DEDUCTIONS:</b>			
Benefits.....	200,116	13,070	213,186
Refunds of Contributions.....	16,979		16,979
Administrative Expense.....	4,074	331	4,405
Post Retirement Medical Plan Contributions to Pension Plan on Behalf of Employers.....		18,317	18,317
Consulting Fees.....	576	47	623
Other.....	601	49	650
Total Deductions.....	222,346	31,814	254,160
Net Asset Transfers .....	(64,437)	64,437	
Net Increase/(Decrease).....	(443,189)	24,540	(418,649)
<b>NET ASSETS HELD IN TRUST FOR BENEFITS:</b>			
Beginning of the Year.....	4,447,381	311,538	4,758,919
End of the Year.....	\$ 4,004,192	\$ 336,078	\$ 4,340,270



COMBINING BALANCE SHEET  
 COMPONENT UNITS - ENTERPRISE FUNDS  
 JUNE 30, 2001  
 (Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents.....	\$ 1,255	\$ 2,770	\$ 3,636	\$ 7,661
Investments.....				0
Receivables (Net of Allowances For Uncollectibles)....	466	214	1,942	2,622
Notes Receivable.....	1,931	562		2,493
Other Assets.....	3	1	112	116
Total Current Assets.....	3,655	3,547	5,690	12,892
<b>Restricted Assets:</b>				
Cash and Cash Equivalents.....	9,044	4,607	136	13,787
Investments.....	4,425			4,425
Receivables.....		5,430	8,726	14,156
Total Restricted Assets.....	13,469	10,037	8,862	32,368
<b>Fixed Assets:</b>				
Buildings and Building Improvements.....	5,480		65,900	71,380
Land and Land Improvements.....		29		29
Equipment.....	80	53	2,954	3,087
Construction-in-progress.....			3,547	3,547
Less: Allowance for Depreciation and Amortization..	(1,947)	(42)	(15,947)	(17,936)
Net Fixed Assets.....	3,613	40	56,454	60,107
<b>Other Assets:</b>				
Loans and Pledges Receivable.....	9,928	1,154		11,082
Other.....	215		219	434
Total Other Assets.....	10,143	1,154	219	11,516
Total Assets.....	\$ 30,880	\$ 14,778	\$ 71,225	\$ 116,883
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Current Liabilities:</b>				
Accounts Payable.....	\$ 265	\$ 14	\$ 1,348	\$ 1,627
Accrued Payroll.....	14	29		43
Deferred Revenue.....			484	484
Current Portion of Bonds Payable.....	1,100			1,100
Other Current Liabilities.....	206		382	588
Total Current Liabilities.....	1,585	43	2,214	3,842
Current Liabilities Payable from Restricted Assets.....	2,298	10,103	33	12,434
<b>Noncurrent Liabilities:</b>				
Bonds Payable.....	18,574			18,574
Due to Primary Government.....			45,918	45,918
Advances from Tenant.....			379	379
Other Noncurrent Liabilities.....	2,957	2,294	3,300	8,551
Total Noncurrent Liabilities.....	21,531	2,294	49,597	73,422
Total Liabilities.....	25,414	12,440	51,844	89,698
<b>Fund Equity (Deficit):</b>				
Contributed Capital.....			30,057	30,057
Retained Earnings (Deficit):				
Reserved .....	5,069	2,162		7,231
Unreserved.....	397	176	(10,676)	(10,103)
Total Retained Earnings (Deficit).....	5,466	2,338	(10,676)	(2,872)
Total Fund Equity.....	5,466	2,338	19,381	27,185
Total Liabilities and Fund Equity .....	\$ 30,880	\$ 14,778	\$ 71,225	\$ 116,883

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -  
COMPONENT UNITS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>Business Finance Authority</b>	<b>Community Development Finance Authority</b>	<b>Pease Development Authority</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>				
Charges for Sales and Services.....	\$ 971	\$ 869	\$ 8,706	\$ 10,546
Interest and Earnings on Investments.....		380	683	1,063
Other.....		222		222
Total Operating Revenue.....	971	1,471	9,389	11,831
<b>OPERATING EXPENSES:</b>				
Personnel Services.....	377	387	2,704	3,468
Advertising.....		13	281	294
Miscellaneous.....	131	752	4,630	5,513
Depreciation.....	96	9	3,311	3,416
Total Operating Expenses.....	604	1,161	10,926	12,691
Operating Income (Loss).....	367	310	(1,537)	(860)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income.....	1,904			1,904
Interest Expense.....	(1,565)			(1,565)
Miscellaneous.....	(586)			(586)
Total Nonoperating Revenues (Expenses).....	(247)	0	0	(247)
Net Income (Loss).....	120	310	(1,537)	(1,107)
Add: Depreciation on Fixed Assets Acquired by Grants and Entitlements Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital.....			1,747	1,747
Increase (Decrease) in Retained Earnings.....	120	310	210	640
Retained Earnings (Deficit) - July 1.....	5,346	2,028	(10,886)	(3,512)
Retained Earnings (Deficit) - June 30.....	\$ 5,466	\$ 2,338	\$ (10,676)	\$ (2,872)

**COMBINING STATEMENT OF CASH FLOWS - COMPONENT UNITS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Expressed in Thousands)**

	<b>Business Finance Authority</b>	<b>Community Development Finance Authority</b>	<b>Pease Development Authority</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Operating Income (Loss).....	\$ 367	\$ 310	\$ (1,537)	\$ (860)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation .....	96	9	3,311	3,416
Change in Operating Assets and Liabilities:				
Increase (Decrease) in Receivables.....	(866)	(2,409)	441	(2,834)
Increase (Decrease) in Notes Receivable.....	(1,250)	141		(1,109)
Increase (Decrease) in Other Assets.....	30	(49)		(19)
Increase in Accounts Payable and Other Accruals.....	460	2,468	763	3,691
Increase in Deferred Revenue.....	126	414		540
Net Cash Provided by Operating Activities.....	(1,037)	884	2,978	2,825
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of Capital Assets.....	(1,375)	(5)	(6,002)	(7,382)
Contributed Capital from Federal Government.....			5,139	5,139
Repayments to Tenant.....			(26)	(26)
Repayments to Primary Government.....			(2,094)	(2,094)
Proceeds from Loans with Primary Government.....			1	1
Interest Paid on Bonds.....	(1,565)			(1,565)
Principal Paid on Bonds.....	(1,000)			(1,000)
Equipment Lease Principal Payments.....			570	570
Net Cash (Used for) Capital and Related Financing Activities.....	(3,940)	(5)	(2,412)	(6,357)
<b>Cash Flows from Investing Activities:</b>				
Purchase of / Proceeds from Investments.....	2,306			2,306
Interest Income on Investments.....	1,592			1,592
Net Cash Provided by Investing Activities.....	3,898	0	0	3,898
Net Increase (Decrease) in Cash and Cash Equivalents.....	(1,079)	879	566	366
Cash and Cash Equivalents - July 1.....	11,378	6,498	3,206	21,082
Cash and Cash Equivalents - June 30.....	\$ 10,299	\$ 7,377	\$ 3,772	\$ 21,448

---

# Statistics

---



**TABLE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

	Fiscal Year Ended June 30,									
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>REVENUES:</b>										
General Property Taxes .....	\$458,201	\$ 473,706	\$ 535	\$ 563	\$ 566	\$ 408	\$ 460	\$ 376	\$ 379	\$ 299
Special Taxes .....	932,958	853,246	726,398	670,054	606,135	543,910	648,688	587,539	718,243	676,228
Personal Taxes .....	86,350	94,987	73,765	76,091	50,421	44,498	44,013	43,703	41,161	39,340
Business License Taxes .....	222,651	210,432	209,470	195,182	192,608	180,363	166,090	163,151	155,487	155,194
Non-Business License Taxes .....	67,068	65,954	62,817	61,218	59,253	56,868	55,931	53,824	53,407	52,865
Fees .....	107,900	101,247	99,730	84,789	81,989	84,704	71,185	68,671	63,687	60,171
Fines, Penalties, and Interest .....	28,703	29,378	26,882	28,952	26,276	25,056	28,204	26,928	22,897	21,820
Grants from Federal Government ..	983,342	957,669	914,277	822,569	786,119	814,616	743,308	854,555	738,670	648,316
Grants from Private and Local Sources .....	122,584	113,093	116,154	117,707	103,298	107,368	93,269	86,685	72,293	67,325
Rents and Leases .....	1,190	1,430	1,553	4,960	4,832	4,673	4,320	4,305	3,856	4,090
Interest, Premiums, and Discounts ..	14,670	16,867	15,368	14,272	12,782	13,507	13,512	4,198	5,105	4,450
Sale of Commodities .....	10,420	10,284	9,826	13,141	11,634	10,485	8,907	10,000	8,701	7,517
Sale of Services .....	76,895	75,492	80,010	73,799	95,338	92,037	136,522	353,692	60,762	51,585
Assessments .....	20,674	22,434	16,771	16,441	15,157	14,058	13,625	13,968	17,231	15,640
Grants from Other Agencies .....	7,631	3,252	4,636	28,852	23,273	21,971	17,305	16,633	16,737	17,018
Miscellaneous .....	89,012	100,159	44,037	43,270	42,056	36,565	41,455	35,104	26,302	26,578
<b>Total Revenues .....</b>	<b>3,230,249</b>	<b>3,129,630</b>	<b>2,402,229</b>	<b>2,251,860</b>	<b>2,111,737</b>	<b>2,051,087</b>	<b>2,086,794</b>	<b>2,323,332</b>	<b>2,004,918</b>	<b>1,848,436</b>
<b>EXPENDITURES:</b>										
<b>Current:</b>										
General Government .....	185,443	184,090	178,530	172,926	177,403	180,569	184,538	179,829	175,754	166,650
Administration of Justice and Public Protection .....	217,222	201,162	193,291	196,322	166,614	156,330	150,774	140,429	135,073	127,998
Resource Protection and Development .....	133,803	118,784	114,199	106,492	102,520	91,089	89,630	87,559	101,833	74,091
Transportation .....	226,928	211,439	201,139	189,599	187,445	189,541	181,756	170,232	180,053	162,858
Health and Social Services .....	1,276,100	1,210,723	1,178,090	1,115,939	1,080,933	1,094,810	1,192,346	1,315,480	1,068,500	1,001,690
Education .....	1,044,843	1,035,386	274,297	260,400	225,547	205,425	202,192	205,767	249,928	238,223
Debt Service .....	81,390	81,228	78,730	74,293	75,461	74,754	65,131	63,939	59,842	60,652
Capital Outlay .....	179,568	185,391	155,663	133,435	125,492	102,758	90,956	102,952	101,033	71,565
<b>Total Expenditures .....</b>	<b>3,345,297</b>	<b>3,228,203</b>	<b>2,373,939</b>	<b>2,249,406</b>	<b>2,141,415</b>	<b>2,095,276</b>	<b>2,157,323</b>	<b>2,266,187</b>	<b>2,072,016</b>	<b>1,903,727</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures ...	(115,048)	(98,573)	28,290	2,454	(29,678)	(44,189)	(70,529)	57,145	(67,098)	(55,291)
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating Transfers In .....	335,978	402,754	237,886	224,071	236,315	198,214	347,000	427,745	166,823	142,156
Operating Transfers Out .....	(335,002)	(402,818)	(244,501)	(224,065)	(236,442)	(196,062)	(347,913)	(428,538)	(233,492)	(142,210)
Operating Transfers from Enterprise Funds .....	136,623	137,695	132,829	124,329	117,704	106,879	99,681	103,525	93,830	92,445
Operating Transfers to Component Units .....	(75,365)	(71,766)	(68,540)	(65,880)	(63,750)	(64,000)	(63,500)	(71,165)		
Transfer from IDA .....										
Proceeds from Issuance of Bonds ..					64	34	1,447		90,506	23,029
Proceeds of Refunding Bonds .....			103,351		53,595				122,400	
Payment to Refunding Bond Escrow Agent .....			(103,351)		(53,595)				(122,400)	
<b>Total Other Financing Sources ..</b>	<b>62,234</b>	<b>65,865</b>	<b>57,674</b>	<b>58,455</b>	<b>53,891</b>	<b>45,065</b>	<b>36,715</b>	<b>31,567</b>	<b>117,667</b>	<b>115,420</b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses ..	(52,814)	(32,708)	85,964	60,909	24,213	876	(33,814)	88,712	50,569	60,129
<b>Fund Balances - July 1 .....</b>	<b>402,653</b>	<b>435,041</b>	<b>349,855</b>	<b>288,946</b>	<b>264,733</b>	<b>263,857</b>	<b>297,671</b>	<b>208,959</b>	<b>158,390</b>	<b>98,261</b>
<b>Change in Reserve for Inventory ..</b>	<b>(1,322)</b>	<b>320</b>	<b>(778)</b>							
<b>Fund Balances - June 30 .....</b>	<b>\$348,517</b>	<b>\$ 402,653</b>	<b>\$ 435,041</b>	<b>\$ 349,855</b>	<b>\$ 288,946</b>	<b>\$ 264,733</b>	<b>\$ 263,857</b>	<b>\$ 297,671</b>	<b>\$ 208,959</b>	<b>\$ 158,390</b>
<b>Ratio of Debt Service to Total Expenditures. ....</b>	<b>2.43%</b>	<b>2.52%</b>	<b>3.32%</b>	<b>3.30%</b>	<b>3.52%</b>	<b>3.57%</b>	<b>3.02%</b>	<b>2.82%</b>	<b>2.89%</b>	<b>3.19%</b>

**TABLE OF UNRESTRICTED REVENUE  
GENERAL FUND - GAAP BASIS  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

	Fiscal Year Ended June 30,									
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Beer Tax . . . . .	\$ 11,656	\$ 12,090	\$ 11,783	\$ 11,442	\$ 11,366	\$ 11,113	\$ 11,217	\$ 11,199	\$ 11,182	\$ 11,357
Board and Care Revenue . . .	13,333	11,953	11,196	12,966	13,992	13,628	14,439	14,006	12,772	12,266
Business Profits Tax . . . . .	179,615	146,443	164,833	167,471	171,990	152,683	138,348	112,293	128,727	91,604
Business Enterprise Tax . . . .	122,165	94,354	93,021	71,036	38,239	24,969	29,764	23,975		
Estate and Legacy Tax . . . . .	59,348	56,368	54,744	43,274	40,734	33,270	38,456	32,128	31,064	28,128
Insurance Tax . . . . .	66,441	59,336	62,914	54,656	57,202	50,488	42,639	43,070	48,221	44,859
Securities Revenue <sup>(1)</sup> . . . . .	28,023	25,513	22,465	20,522	18,042	15,622	13,722	13,097		
Interest and Dividends Tax . . .	76,651	65,522	63,134	61,799	52,683	51,878	37,970	35,767	36,088	34,608
Liquor Sales and Distribution . .	89,344	86,015	77,444	75,440	71,713	65,971	63,626	63,990	63,463	62,493
Meals and Rooms Tax . . . . .	157,202	149,777	137,258	128,688	118,984	113,369	107,501	101,418	95,398	92,078
Park Revenue <sup>(2)</sup> . . . . .						5,205	4,212	5,953	5,105	4,287
Dog Racing . . . . .	1,262	1,058	1,026	1,011	2,213	2,166	2,802	3,147	4,073	4,819
Horse Racing . . . . .	2,592	2,429	2,427	2,238	2,778	3,032	3,053	2,782	2,430	3,142
Real Estate Transfer Tax . . . .	59,488	56,779	52,925	44,162	33,330	30,192	28,971	29,221	26,837	35,105
Telephone/Communication Tax . .	49,045	47,794	46,219	40,134	39,253	35,519	33,212	30,512	29,529	27,762
Tobacco Tax . . . . .	61,007	68,823	73,784	76,128	50,436	44,537	44,065	43,712	41,189	39,377
Utility Tax . . . . .	9,656	9,974	10,402	17,731	17,562	17,488	17,073	19,962	21,077	22,998
Courts Fines and Fees . . . . .	23,218	22,845	21,917	21,021	20,167	18,914	19,488	19,238	19,338	19,663
Savings Bank Tax <sup>(3)</sup> . . . . .									3,040	7,446
Other:										
Corporate Returns . . . . .	681	676	659	655	698	657	621	608	935	1,092
Interstate Vehicle Registrations	2,602	2,860	2,858	2,795	2,714	2,857	2,842	2,515	2,960	2,744
Motor Boat Registrations . . . .			1,779	1,847	1,757	1,600	1,747	1,451	1,435	1,411
Corporate Filing Fees . . . . .	3,427	3,436	3,229	3,227	3,219	3,093	3,042	2,997	6,562	6,398
Interest on Surplus Funds . . . .	3,754	3,201	5,978	2,990	181	324	2,885	1,252	2,463	1,485
Reimb. of Indirect Costs . . . . .	4,255	4,094	4,903	5,100	4,184	4,215	6,151	5,648	5,595	6,328
Miscellaneous . . . . .	32,917	27,877	26,192	29,991	26,266	24,516	25,821	26,992	19,453	20,383
Subtotal . . . . .	1,057,682	959,217	953,090	896,324	799,703	727,306	693,667	646,933	618,936	581,833
Net Medicaid Enhancement Revenues (MER) . . . . .	85,217	74,230	70,411	67,502	54,268	101,983	116,614	250,400	180,059	166,471
Subtotal . . . . .	1,142,899	1,033,447	1,023,501	963,826	853,971	829,289	810,281	897,333	798,995	748,304
Other MER Transferred to/ (from) Uncompensated Care Pool . . . . .	12,966	12,915	15,839	9,204	43,482	(10,483)	152,552	222,700		
Total Unrestricted Revenue . . .	\$ 1,155,865	\$ 1,046,362	\$ 1,039,340	\$ 973,030	\$ 897,453	\$ 818,806	\$ 962,833	\$ 1,120,033	\$ 798,995	\$ 748,304

<sup>(1)</sup> Beginning in FY 1994, Securities Revenues were reported separately from the Insurance Tax.

<sup>(2)</sup> Beginning in FY 1998, Park Revenue was reclassified as Restricted Revenue.

<sup>(3)</sup> Effective July 1, 1993, the Savings Bank Tax was repealed.

**TABLE OF UNDESIGNATED FUND BALANCE  
GENERAL FUND  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

	Fiscal Year Ended June 30,									
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Balance, July 1 (Budgetary Method).....	\$ 62,450	\$ 119,484	\$ 131,367	\$ 42,638	\$ 11,356	\$ 53,769	\$ 66,462	\$ 76,118	\$ 64,907	\$ 23,076
Additions:										
Unrestricted Revenue.....	1,142,899	1,033,447	1,023,501	960,530	873,749	795,996	847,406	897,333	798,995	748,304
(1)Unrestricted Revenue - UCP.....	12,966	12,915	15,839	12,500	23,704	22,810	115,427	222,700		
Total Unrestricted Revenue.....	1,155,865	1,046,362	1,039,340	973,030	897,453	818,806	962,833	1,120,033	798,995	748,304
Transfer from Other Funds.....	1,787	778	2,334	1,051	1,062	3,374	692	699	806	689
Bonds Authorized and Unissued.....			(7,337)					1,000	3,800	
Additional Sweepstakes Transfer.....			8,579							
Other Credits.....	48	214	7,541	5,348	51	436	1,054	383	1,659	1,227
Total Additions.....	1,157,700	1,047,354	1,050,457	979,429	898,566	822,616	964,579	1,122,115	805,260	750,220
Deductions:										
Appropriations Net of Estimated Revenues:										
General Government.....	227,278	226,440	203,368	185,447	185,695	175,145	192,018	177,992	176,098	164,693
Administration of Justice and Public Protection.....	154,450	149,503	136,298	128,992	109,324	107,573	99,498	96,464	86,286	83,750
Resource Protection and Development.....	38,764	37,753	38,483	37,238	35,071	40,256	37,479	38,931	30,942	18,950
Transportation.....	2,920	3,034	2,882	2,935	2,845	2,886	2,710	3,117	2,799	2,813
Health and Social Services.....	242,393	242,442	218,549	212,160	205,796	203,716	214,601	207,651	191,721	185,110
Education.....	175,520	166,644	156,335	154,785	124,941	119,970	122,203	128,932	116,434	111,918
Liquor Commission.....	22,860	23,417	22,550	22,119	20,443	20,774	19,887	19,466	19,893	19,319
Special Fund.....	238,823	231,867	205,086	197,903	195,957	195,011	207,410	172,166	157,246	140,900
Subtotal.....	1,103,008	1,081,100	983,551	941,579	880,072	865,331	895,806	844,719	781,419	727,453
Uncompensated Care Pool.....	12,966	12,915	15,839	12,500	23,704	22,810	115,427	222,700		
Health Care Transition Fund (HCTF).....				14,786	6,500	7,912	8,418			
Total Appropriations Net of Estimated Revenues.....	1,115,974	1,094,015	999,390	968,865	910,276	896,053	1,019,651	1,067,419	781,419	727,453
Less: Lapses.....	(33,010)	(22,913)	(42,794)	(24,105)	(25,493)	(25,973)	(28,614)	(28,046)	(25,582)	(20,056)
Lapses - HCTF.....	(95)	(342)	(485)		(6,415)	(790)	(12,861)			
Total Lapses.....	(33,105)	(23,255)	(43,279)	(24,105)	(31,908)	(26,763)	(41,475)	(28,046)	(25,582)	(20,056)
Net Appropriations.....	1,082,869	1,070,760	956,111	944,760	878,368	869,290	978,176	1,039,373	755,837	707,397
Transfers to Other Funds.....		65	872	280	398	595	965	834	349	203
Other Debits.....	105	1,037	2,704	865	1,823	2,266	2,481	1,315	303	789
Transfer to (from) Fund Equity										
Designation or Reserve Accounts.....	827	32,526	102,653	(55,205)	(13,305)	(7,122)	(4,350)	90,249	37,560	
Total Deductions.....	1,083,801	1,104,388	1,062,340	890,700	867,284	865,029	977,272	1,131,771	794,049	708,389
Balance, June 30 (Budgetary Method).....	136,349	62,450	119,484	131,367	42,638	11,356	53,769	66,462	76,118	64,907
GAAP Adjustments:										
Receivables.....	4,121	2,845	4,827	1,520	2,764	3,414	4,555	4,132	4,563	3,525
Accounts Payable and Accrued Liabilities.....	(44,552)	(48,721)	(62,191)	(58,082)	(53,199)	(58,669)	(56,777)	(52,778)	(45,246)	(46,232)
Transfer from General to Liquor Fund.....	(2,738)	(2,686)	(3,628)	(3,677)	(3,180)	(2,942)	(2,523)	(2,301)	(2,309)	(2,384)
Transfer from General to Special Fund.....	(9,833)	(9,889)	(27,488)	(26,127)	(29,207)	(10,531)	(34,133)	(2,546)	(1,643)	(1,199)
Elimination Bonds Authorized.....								(1,000)		
Additional Transfers (to) from Reserve Accounts.....	(83,347)		(31,004)	(3,602)	38,960	13,221	35,109			
Total GAAP Adjustments.....	(136,349)	(58,451)	(119,484)	(89,968)	(43,862)	(55,507)	(53,769)	(54,493)	(44,635)	(46,290)
Balance, June 30 (GAAP).....	\$ 0	\$ 3,999	\$ 0	\$ 41,399	\$ (1,224)	\$ (44,151)	\$ 0	\$ 11,969	\$ 31,483	\$ 18,617

(1) UCP = Uncompensated Care Pool

**TABLE OF UNDESIGNATED FUND BALANCE**  
**EDUCATION FUND**  
**FOR FISCAL YEARS 1999 TO 2001**  
**(Expressed in Thousands)**

	Fiscal Year Ended June 30,			Description
	2001	2000	1999	
Balance July 1.....	\$ 66,348	\$ 124,783		
Additions				
Unrestricted Revenue				
Statewide Property Tax.....	417,964	417,975		\$6.60/1,000, retained locally
Statewide Property Tax.....	24,194	24,150		\$6.60/1,000 , not retained locally
Utility Property Tax.....	15,621	31,167		\$6.60/1,000
BPT Increase.....	15,800	22,400		1% increase from 7% to 8%
BET Increase.....	36,700	54,100		.25% increase from .25% to .50%
Meals & Rooms.....	6,859	6,350		Extension of 8% tax to motor vehicle rentals
Real Estate Tax Increase .....	29,735	28,231		\$2.50 increase from \$5.00/1000 to \$7.50
Tobacco Tax Increase.....	25,356	26,649		\$0.15/pack increase from \$0.37 to \$.52
Tobacco Settlement.....	38,745	37,750		Annual payment
Initial Tobacco Settlement Payment.....		16,000		One-time payment
Lottery Proceeds.....	59,348	61,517		Net Profit
Other .....	175	2,924		Interest
Total Revenue.....	670,497	729,213		
General Fund Budgeted Appropriations.....	40,559	39,584		Formerly Revenue Sharing, Foundation Aid & Kindergarten Aid
Total Additions.....	711,056	768,797		
Deductions				
Appropriations				
Adequate Education Grant.....	406,817	406,817		State Education Grant Disbursed by State
Adequate Education Grant.....	417,964	417,975		State Education Grant Retained Locally
Total Grants.....	824,781	824,792		
DRA-Hardship Grants.....	769	1,162		
DRA-Tax Relief Admin.....		200		
DOE-Kindergarten Aid.....		950		
DOE-Admin. & Computers.....		169		
Total Appropriations.....	825,550	827,273		
Less Lapses.....	(25)	(41)		
Net Appropriations.....	825,525	827,232		
Current Year Balance.....	(114,469)	(58,435)		
End of Year Transfers from				
General Fund.....	48,121		\$ 124,783	
Balance June 30.....	\$ 0	\$ 66,348	\$ 124,783	



**TABLE OF UNDESIGNATED FUND BALANCE  
HIGHWAY FUND  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

	Fiscal Year Ended June 30,									
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Balance, July 1 (Budgetary Method) . .	\$ (7,346)	\$ 1,454	\$ 7,439	\$ 11,001	\$ (2,903)	\$ 8,299	\$ 1,050	\$ (2,104)	\$ 1,377	\$ (6,253)
<b>Additions:</b>										
Unrestricted Revenue:										
Gasoline Tax . . . . .	119,507	116,050	119,863	115,517	111,001	107,025	102,053	97,222	96,311	94,107
Motor Vehicle Fees . . . . .	72,066	69,882	66,320	64,452	62,449	60,174	59,462	56,425	55,313	55,025
Other . . . . .	8,872	8,344	10,544	9,263	10,090	10,709	8,405	7,501	7,383	8,677
Total Unrestricted Revenue . . . . .	200,445	194,276	196,727	189,232	183,540	177,908	169,920	161,148	159,007	157,809
Bonds Authorized and Unissued . . . .								1,300	13,500	3,250
Other Credits . . . . .		1,202		767	43		370	3,586	6,154	
Total Additions . . . . .	200,445	195,478	196,727	189,999	183,583	177,908	170,290	166,034	178,661	161,059
<b>Deductions:</b>										
Appropriations Net of										
Estimated Revenues . . . . .	222,593	214,021	211,816	200,378	175,814	193,270	168,799	168,210	182,818	158,258
Less: Lapses . . . . .	(14,064)	(24,607)	(16,656)	(8,322)	(7,717)	(6,534)	(7,038)	(7,007)	(6,198)	(6,402)
Net Appropriations . . . . .	208,529	189,414	195,160	192,056	168,097	186,736	161,761	161,203	176,620	151,856
Bonds Authorized and Unissued . . . .		13,309	5,736							
Other Debits . . . . .	2,844	1,555	1,816	1,505	1,582	2,374	1,280	1,677	5,522	1,573
Total Deductions . . . . .	211,373	204,278	202,712	193,561	169,679	189,110	163,041	162,880	182,142	153,429
Balance, June 30 (Budgetary Method) .	(18,274)	(7,346)	1,454	7,439	11,001	(2,903)	8,299	1,050	(2,104)	1,377
<b>GAAP Adjustments:</b>										
Receivables . . . . .	271	1,596	269	404	934	317	777	560	4,257	1,180
Accounts Payable and										
Accrued Liabilities . . . . .	(8,414)	(9,956)	(9,131)	(9,735)	(9,803)	(8,567)	(9,707)	(8,923)	(5,866)	(7,671)
Bonds Authorized										
and Unissued . . . . .			(13,309)	(19,045)	(19,045)	(19,109)	(19,142)	(19,590)	(18,290)	(11,629)
Total GAAP Adjustments . . . . .	(8,143)	(8,360)	(22,171)	(28,376)	(27,914)	(27,359)	(28,072)	(27,953)	(19,899)	(18,120)
Reclassification of Designated Balance .						39,732	42,962	32,515	6,377	28,519
Balance, June 30 (GAAP) . . . . .	\$ (26,417)	\$ (15,706)	\$ (20,717)	\$ (20,937)	\$ (16,913)	\$ 9,470	\$ 23,189	\$ 5,612	\$ (15,626)	\$ 11,776

**TABLE OF UNDESIGNATED FUND BALANCE  
FISH AND GAME FUND  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

	Fiscal Year Ended June 30,									
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Balance, July 1 (Budgetary Method) . .	\$ 4,277	\$ 5,464	\$ 5,006	\$ 4,310	\$ 4,068	\$ 4,539	\$ 3,999	\$ 3,176	\$ 3,235	\$ 3,460
<b>Additions:</b>										
Unrestricted Revenue . . . . .	8,230	7,928	8,158	7,923	7,397	6,769	6,819	6,654	6,715	6,410
Other Credits . . . . .	811	878	742	847	791	871	640	818		28
Total Additions . . . . .	9,041	8,806	8,900	8,770	8,188	7,640	7,459	7,472	6,715	6,438
<b>Deductions:</b>										
Appropriations Net of Estimated Revenues . . . . .	10,238	10,419	8,809	8,350	8,311	8,413	7,502	7,294	7,073	6,977
Less: Lapses . . . . .	(667)	(426)	(479)	(276)	(385)	(302)	(730)	(645)	(327)	(337)
Net Appropriations . . . . .	9,571	9,993	8,330	8,074	7,926	8,111	6,772	6,649	6,746	6,640
Other Debits . . . . .	148		112		20		147		28	23
Total Deductions . . . . .	9,719	9,993	8,442	8,074	7,946	8,111	6,919	6,649	6,774	6,663
Balance, June 30 (Budgetary Method) .	3,599	4,277	5,464	5,006	4,310	4,068	4,539	3,999	3,176	3,235
<b>GAAP Adjustments:</b>										
Receivables . . . . .	152	160	438	211	128	124	102	130	96	100
Accounts Payable and Accrued Liabilities . . . . .	(1,036)	(1,178)	(1,238)	(1,325)	(1,182)	(1,120)	(871)	(992)	(782)	(758)
Total GAAP Adjustments . . . . .	(884)	(1,018)	(800)	(1,114)	(1,054)	(996)	(769)	(862)	(686)	(658)
Balance, June 30 (GAAP) . . . . .	\$ 2,715	\$ 3,259	\$ 4,664	\$ 3,892	\$ 3,256	\$ 3,072	\$ 3,770	\$ 3,137	\$ 2,490	\$ 2,577

**SCHEDULE OF REVENUE BOND COVERAGE RATIO  
TURNPIKE SYSTEM REVENUE BONDS  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

Fiscal Year	Gross Revenues*	Direct Operating Expenses*	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2001	\$ 63,981	\$ 21,352	\$ 42,629	\$ 6,785	\$ 18,567	\$ 25,352	1.68
2000	63,034	22,064	40,970	6,645	19,807	26,452	1.55
1999	59,257	18,794	40,463	5,817	16,469	22,286	1.82
1998	58,033	16,352	41,681	6,063	15,615	21,678	1.92
1997	55,714	17,231	38,483	5,653	15,944	21,597	1.78
1996	53,231	17,024	36,207	5,348	16,247	21,595	1.68
1995	51,670	17,336	34,334	4,416	16,462	20,878	1.64
1994	49,573	15,749	33,824	3,525	14,744	18,269	1.85
1993	47,859	15,968	31,891	2,940	13,623	16,563	1.93
1992	48,097	15,020	33,077	2,579	14,165	16,744	1.98

\* - Amounts as defined in Turnpike System Bond Resolutions.

**RATIO OF GENERAL LONG-TERM DEBT TO ASSESSED VALUE  
AND GENERAL LONG-TERM DEBT PER CAPITA  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)					
Fiscal Year	(1)	(2)	(3)	Ratio Of	
	Population	Assessed Value	General Long-Term Debt	General Long-Term Debt To Assessed Value	General Long-Term Debt Per Capita
2001	1,249	\$ 89,304,647	\$ 628,406	0.70 %	\$ 503
2000	1,236	86,703,541	592,110	0.68	479
1999	1,201	76,154,469	645,907	0.85	538
1998	1,186	70,239,891	617,525	0.88	521
1997	1,173	65,331,719	661,353	1.01	564
1996	1,161	62,883,249	663,286	1.05	572
1995	1,146	61,338,431	646,316	1.05	564
1994	1,133	60,548,790	614,982	1.02	543
1993	1,122	60,372,131	610,456	1.01	544
1992	1,113	62,517,989	538,013	0.86	483

Sources: (1) U.S. Dept. of Commerce, Bureau of the Census, reflects the most current available data for all years represented (2001 estimated).  
 (2) New Hampshire Department of Revenue Administration (2001 estimated). Equalized evaluation.  
 (3) Includes all General Obligation Bonds Payable of the Primary Government.

**DEMOGRAPHIC STATISTICS  
FOR THE LAST TEN FISCAL YEARS**

Year	Population	Per Capita Income	Unemployment Rate
2001	1,249,000	\$ 35,086	2.9%
2000	1,236,000	33,332	2.8
1999	1,201,000	31,325	2.6
1998	1,186,000	29,596	2.7
1997	1,173,000	27,613	3.2
1996	1,161,000	26,042	4.4
1995	1,146,000	25,008	3.9
1994	1,133,000	24,119	4.6
1993	1,122,000	22,918	6.5
1992	1,113,000	22,232	7.6

Sources: (1) U.S. Dept. of Commerce, Bureau of the Census, reflects the most current available data for all years represented (2001 estimated).  
 (2) U.S. Dept. of Commerce, Bureau of Economic Analysis, reflects the most current available data for all years represented (2001 estimated).  
 (3) New Hampshire Department of Employment Security, Economic and Labor Market Information Bureau.

**NUMBER OF BUILDING PERMITS FOR HOUSING UNITS  
FOR THE LAST TEN CALENDAR YEARS**

**Building Permits Issued  
By Number of Units**

<u>Fiscal Year</u>	<u>Single Family</u>	<u>Multi- Family</u>	<u>Total</u>
2001*	5,780	480	6,260
2000	6,097	583	6,680
1999	5,696	630	6,326
1998	5,310	461	5,771
1997	4,598	806	5,404
1996	4,233	693	4,926
1995	4,105	318	4,423
1994	4,130	537	4,667
1993	3,724	467	4,191
1992	3,652	360	4,012

Source: U.S. Department of Commerce, Bureau of the Census.

\* Data is annualized based on activity through August 2001

**Largest Employers  
(Excluding Federal, State and Local Governments)**

<u>Company</u>	<u>Employees</u>	<u>Primary New Hampshire Site</u>	<u>Principal Product</u>
1. Wal-Mart Stores, Inc. ....	7,227	Multiple	Retail Department Stores
2. Hannaford Brothers-Shop 'N Save .....	5,545	Multiple	Supermarkets
3. DeMoulas/Market Basket .....	5,000	Multiple	Supermarkets
4. Dartmouth-Hitchcock Medical Center .....	4,483	Lebanon	Healthcare Providers
5. Shaw's Supermarket .....	4,071	Multiple	Supermarkets
6. Dartmouth College .....	3,855	Hanover	Private College
7. BAE Systems .....	3,700	Nashua	Communications
8. Fidelity Investments .....	3,353	Merrimack	Financial Services
9. Liberty Mutual .....	3,118	Dover	Financial Services
10. Teradyne Inc. Connection Systems Div. .	3,062	Nashua	Semi-conductor
11. Elliot Hospital .....	2,500	Manchester	Acute Care Hospital
12. Compaq Computer Corp. ....	2,450	Nashua	Computer
13. Sanmina Corporation .....	2,385	Manchester	Electronics
14. Concord Hospital .....	2,300	Concord	Hospital
15. Verizon .....	2,100	Manchester	Telecommunications
16. Catholic Medical Center .....	1,814	Manchester	Healthcare Providers
17. Exeter Health Resources .....	1,700	Exeter	Healthcare Providers
18. Sears at Fox Run Mall .....	1,700	Newington	Home&AutomotiveProducts
19. St. Joseph Hospital and Affiliated Co. ....	1,700	Nashua	Hospital
20. Southern NH Medical Center .....	1,680	Nashua	Healthcare Providers

Source: *Business NH Magazine telephone survey, May, 2001.*

Employee figures for Cabletron Systems in Rochester and its non-manufacturing subsidiaries were unavailable.

STATE OF NEW HAMPSHIRE  
ACKNOWLEDGEMENTS



REPORT PREPARED BY THE DIVISION OF ACCOUNTING SERVICES

Thomas E. Martin, CPA, Comptroller  
Sheri L. Walter, CPA  
Harold O. McArdle  
Mark S. Stone  
Sudhir Naik, CPA

SPECIAL APPRECIATION TO

- All accounting and budget personnel of state agencies for their assistance and cooperation to make this report possible.
- Catherine Provencher, Director of Audits of the Legislative Budget Assistance, and her auditing staff for coordinating the state audit with KPMG LLP.
- Judy Gothreau, Denise Petrin, Annette Martellini, and Sid Russel at the Division of Financial Data Management, for providing critical system support.
- Dan Ostroth, Creative Services Manager, Bureau of Graphic Services, for providing technical assistance in printing this report and the *2001 Annual Report to the Citizens*.
- Gregory Z. Ricard, a student at the Graphic Arts Department of the New Hampshire Community Technical College at Laconia, working under the direction of Michael Place of the Graphic Arts Department for the design of the *2001 Annual Report to the Citizens*.